PROSPECTUS

Century ALUMINUM

Offering of Global Depositary Receipts representing shares of Century Aluminum Company Common Stock at an offer price of $52.50 per Global Depositary Receipt

We have sold 7,250,000 shares of common stock, par value $0.01 per share, in a simultaneous offering in the United States and Iceland, plus up to an additional 1,087,500 shares if the underwriters exercise their over-allotment option. The common stock was sold in the United States in an offering registered under the United States Securities Act of 1933. Shares of common stock offered and sold in Iceland are represented by global depositary receipts, or depositary receipts, with one depositary receipt representing one share of common stock. The depositary receipts were offered and sold in Iceland in accordance with the Icelandic Act on Securities Transactions No. 33/2003.

The depositary receipts were offered only in Iceland. We did not offer shares of our common stock in Iceland except pursuant to the depositary receipts. Shares of our common stock represented by depositary receipts offered and sold in Iceland were offered and sold solely by the Icelandic Co-Managers of this offering, Kaupthing Bank hf. and Landsbanki Islands hf., and not by the Global Coordinators or other Co-Managers of this offering, and only to institutional investors. For more information, refer to “Underwriters” in the prospectus on page S-73.

Application has been made to the Iceland Stock Exchange (hereinafter, ICEX) for a listing of the depositary receipts on the First North Iceland securities market. Our common stock is listed, and the shares of common stock underlying the depositary receipts are listed, on the NASDAQ Global Select Market in the United States.

Our shares of common stock underlying the depositary receipts have been deposited with and are held by Arion Custody Services hf., (hereinafter, Arion), an Icelandic global custodian. The corresponding depositary receipts were issued electronically by Arion in the book-entry system of the Icelandic Securities Depository and will be listed, traded and settled in Icelandic krona on First North Iceland, which is monitored by ICEX.

For a discussion of significant risk factors that should be considered in connection with an investment in the depositary receipts, see “Risk Factors” on page E-13.

First North is an alternative marketplace operated by an exchange within the OMX group. Companies on First North are not subject to the same rules as companies on the regulated Main Market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on First North may therefore be higher than investing in a company on the Main Market. All companies with shares traded on First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

For a discussion of certain restrictions on transfers of the depositary receipts, see “Information Regarding the Depositary Receipts” in the prospectus on page E-23.

Trades on First North Iceland generally are required to settle on the third business day, with securities ready for delivery at market close of the second business day after pricing. Accordingly, purchasers who wish to trade depositary receipts on any day prior to the fourth business day after the date hereof, when the depositary receipts initially will settle, will be required to either refrain from trading or, if practicable, specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers who wish to trade depositary receipts prior to the fourth business day after the date hereof should consult their own advisor.

We intend to use the net proceeds from this offering primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. See “Use of Proceeds” in the prospectus on page S-19.

Global Coordinators

Credit Suisse **Morgan Stanley**

Co-Managers

Kaupthing Bank hf. **Kaupthing Securities, Inc.** **Landsbanki Islands hf.**

The date of this prospectus is June 13, 2007

This prospectus for European investors (the "prospectus") relates to the offering to institutional investors and listing of depositary receipts representing our common stock on First North Iceland, including depositary receipts representing our common stock, if any, offered pursuant to the over-allotment option. The terms "Prospectus Supplement" as used in the "S-Pages" and "Prospectus" as used in the "E-Pages", "S-Pages" and "B-Pages" should have the same meaning as "prospectus" for the readers of this prospectus.

This prospectus shall not be distributed and must not be mailed or otherwise distributed or sent in or into any country in which distribution would require any additional registration measures or other measures to be taken, other than as applicable under Icelandic law and regulation in the respective country.

The purchase of the depositary receipts is an inherently risky investment, based on expectancy of future profit. The prospectus may not in any way be regarded as a promise of successful operations or a return on funds by Century Aluminum Company or the Global Coordinators or the Co-Managers.

The prospectus consists of the following elements which are part of this prospectus: (a) Pages E-1 to E-33 hereof; (b) the Prospectus Supplement dated June 7, 2007, which has been filed with the U.S. Securities and Exchange Commission (SEC) (the "S-Pages" and "F-Pages"); (c) the Prospectus dated May 29, 2007, also attached hereto which has also been filed with the SEC on the same day (the "B-Pages"); and (d) the appendices hereto. The first part of the prospectus (pages E-1 to E-33 hereof and the appendices of this prospectus) have been prepared especially for European investors to provide important information regarding the depositary receipts and other disclosures not to be found in the S-Pages, the F-Pages and the B-Pages but which are required under Icelandic law and regulations and Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "Prospectus Directive"), which has been incorporated in the EEA Agreement and implemented by national law. The prospectus is prepared pursuant to current legislation and rules for issuers of global depositary receipts that apply to the listing. The S-Pages, the F-Pages and the B-Pages contain important information about us and the offering, both in the U.S. and in Iceland, and you should read them carefully. The S-Pages, the F-Pages and the B-Pages have been prepared in accordance with the rules and regulations of the SEC and have been filed with the SEC pursuant to the U.S. Securities Act of 1933 as a part of the U.S. registration, offer and sale process for the shares of common stock underlying the depositary receipts. All four elements of this prospectus constitute a single disclosure document for European investors and should be read carefully in their entirety.

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SUMMARY

The information in this Summary is only a summary of the information in the prospectus. This summary highlights selected information contained elsewhere in this prospectus. This summary may not contain all the information that you should consider before investing in our common stock or the depositary receipts. Investors should read the entire prospectus carefully, including the section entitled "Risk Factors" and the consolidated financial statements included in this prospectus before making an investment decision. Each investor must base a decision to purchase the depositary receipts on his/her own examination and analysis of the information presented in this prospectus. Investors are advised to study their legal position, including taxation issues, that may be relevant to their transactions in Century Aluminum Company's shares of common stock or the depositary receipts.

Where any claim relating to the information contained in the prospectus is brought before a court, a plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the prospectus before legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with other parts of the prospectus.

This prospectus has been scrutinized and approved by the Iceland Stock Exchange (hereunder ICEX) on behalf of the Financial Supervisory Authority in Iceland. The prospectus is prepared only in English. All references in this prospectus to dollar figures refer to U.S. dollars. The financial data in the prospectus have been presented in accordance with generally accepted accounting principles in the United States.

Unless the context indicates otherwise, references in this prospectus to "Century Aluminum Company," "Century Aluminum," "Century," "we," "our" and "us" refer to Century Aluminum Company and its subsidiaries.

Overview

We are a Delaware corporation which constitutes a limited liability company organized under the laws of the State of Delaware in 1981. Our principal executive offices are located at 2511 Garden Road, Building A, Suite 200, Monterey, California 93940. Our telephone number at that address is (831) 642-9300. Our registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19808. The name of our registered agent at such address is The Prentice Hall Corporation System, Inc.

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange, or LME. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. We produced approximately 680,000 metric tons of primary aluminum in 2006 and recorded net sales of approximately $1.6 billion. In 2006 we more than doubled the capacity at our Grundartangi facility in Iceland from 90,000 metric tons per year, or "mtpy", at the time of our acquisition of the facility to 220,000 mtpy. Following such expansion, our total primary aluminum production capacity is currently 745,000 mtpy. With the ongoing further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy, our production capacity is scheduled to increase to 785,000 mtpy in the fourth quarter of 2007. In addition to our primary aluminum assets, we have 50 percent joint venture interests in an alumina refinery, located in Gramercy, Louisiana, and a related bauxite mining operation in Jamaica. The Gramercy refinery supplies substantially all of the alumina used for the production of primary aluminum at our Hawesville, Kentucky, primary aluminum facility.

At December 31, 2006, we employed a work force of approximately 1,850, consisting of 1,530 hourly employees and 320 salaried employees. At March 31, 2007, we employed a work force of approximately 1,910 (including 470 employees in Iceland), consisting of 1,570 hourly employees and 340 salaried employees.

Our Primary Aluminum Facilities:

Facility	Location	Operational	Total Capacity (mtpy)	Ownership
Grundartangi	Iceland	1998	220,000	100%
Hawesville	Kentucky, USA	1970	244,000	100%
Ravenswood	West Virginia, USA	1957	170,000	100%
Mt. Holly	South Carolina, USA	1980	224,000	49.7%

Our Bauxite and Alumina Facilities:

Facility	Location	Type	Total Capacity (mtpy)	Ownership
Gramercy	Louisiana, USA	Alumina Refinery	1.2 million	50%
St. Ann	Jamaica	Bauxite	4.5 million	50%

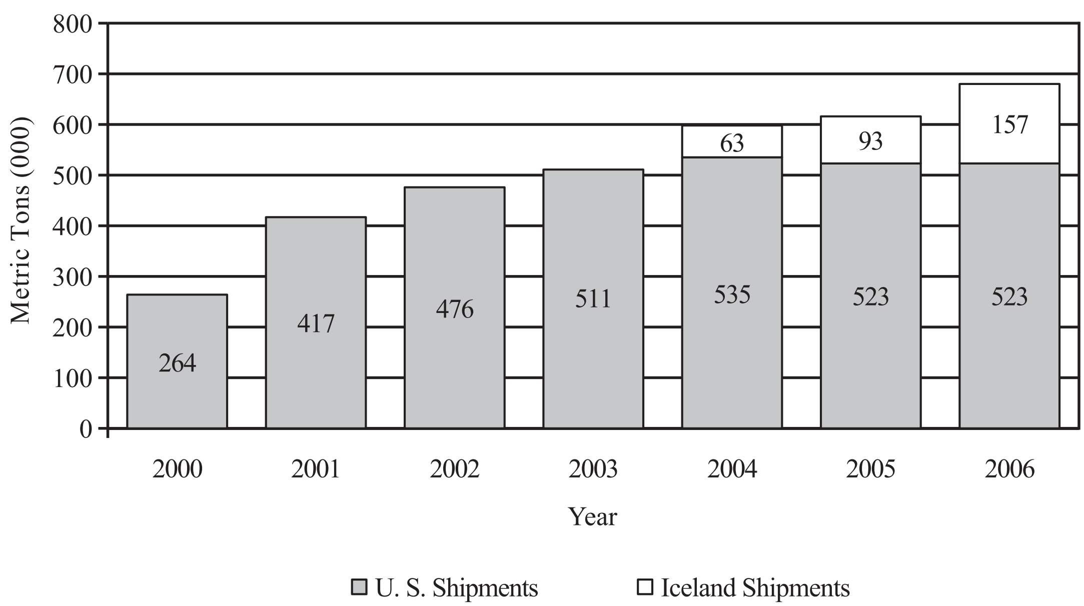
Recent Trends in the Primary Aluminum Industry

The primary aluminum industry has been experiencing a period of strong prices. Industry analysts generally believe these market conditions are based primarily on favorable global supply and demand fundamentals. Spot aluminum prices, as quoted on the LME, averaged $2,800 per metric ton in the first quarter of 2007 and remain well above historical long-term averages. Significant continuing demand growth in China and the generally favorable conditions in the global economy are believed by industry analysts to be the primary drivers of the robust market conditions.

Business Strategy

Our strategic objectives are to: (a) increase our primary aluminum business in Iceland by expanding our existing capacity and by building additional greenfield capacity; (b) diversify our geographic presence and expand our primary aluminum business by investing in or acquiring additional capacity in other favorable regions that offer attractive returns and lower our per unit production costs; and (c) pursue additional upstream opportunities in bauxite mining and alumina refining. The following table shows our primary aluminum shipment volumes since 2000.

Century Aluminum Primary Aluminum Shipments



To date, our growth activities have included:

- acquiring an additional 23% interest in Mt. Holly in April 2000;
- acquiring an 80% interest in Hawesville in April 2001;
- acquiring the remaining 20% interest in Hawesville in April 2003;
- acquiring the 90,000 mtpy Grundartangi facility in April 2004;
- acquiring a 50% joint venture interest in Gramercy, our first alumina refining facility, together with related bauxite mining assets, in October 2004; and
- an ongoing expansion of Grundartangi's production capacity to 260,000 mtpy of primary aluminum, which is scheduled for completion in the fourth quarter of 2007.

Recent Developments

Proposed Helguvik Smelter

We intend to use the net proceeds from the sale of our common stock in this offering primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. We will also need to arrange additional third-party debt for this project, in addition to using current cash flows.

To date, we have signed a harbor agreement, site agreement and an agreement to grant, as required, the necessary construction licenses and permits and an agreement on principles of taxation, with the Reykjanes-baer Municipal Council, the Gardur Municipal Council and the Reykjanes Harbour Board. In addition, we have signed contracts to purchase electrical energy from two of the major Icelandic geothermal power producers. The contracts are subject to the satisfaction of certain conditions, including approvals by the boards of directors of the power companies, environmental agency approval and the construction of the new facility.

For additional information see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" on page S-26. Successful completion of the Helguvik project is subject to risks as described under "Risk Factors" on page E-13. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including capital expenditures. See "Terms of the Offering — Use of Proceeds" on page E-8.

Grundartangi Expansion Schedule Accelerated

In April 2006, we announced an acceleration in the further expansion of our Grundartangi facility in Iceland from 220,000 mtpy to 260,000 mtpy. The construction of the expansion is expected to be completed in the fourth quarter of 2007. We had previously announced that Orkuveita Reykjavikur ("OR") had agreed to deliver the power for the additional expansion by late 2008. Landsvirkjun, Iceland's national power company, has agreed to deliver power as available for the additional capacity on an interim basis until power is available from OR in late 2008. If Landsvirkjun is not able to deliver power on a short-term basis, we will need to enter into alternative arrangements for provision of power. On April 30, 2007, Grundartangi and Glencore entered into a toll conversion agreement for the additional 40,000 mtpy of expansion capacity which commences when the expansion capacity is operational.

Republic of Congo Aluminum Venture Memorandum of Understanding Signed

In February 2007, we signed a Memorandum of Understanding ("MOU") with the Republic of Congo ("ROC") in West Africa in connection with the exclusive right granted to us to develop an integrated aluminum business in the ROC consisting of an aluminum smelter, an alumina refinery and a bauxite mine. The project contemplated by the MOU is in the early stages of feasibility study and review and is subject to the results of that study and review, the negotiation of definitive contracts, and the satisfaction of various conditions.

The ROC port area of Pointe-Noire has been identified as a potential site for the aluminum smelter and alumina refinery. The location of the bauxite mine is dependent upon a future assessment and mapping of the ROC bauxite reserves. The project contemplated by the MOU is based on the Government of ROC assisting us to secure the provision of a minimum annual commitment of 500 Mega Watts ("MW") of gas-generated electrical energy to the facility.

Joint Venture with Minmetals Aluminum Co. Ltd.

In April 2006, we entered into a joint venture agreement with Minmetals Aluminum Co. Ltd. to explore the potential of developing a bauxite mine and associated 1.5 million mtpy alumina refining facility in Jamaica.

The first stage of the project, a pre-feasibility stage, will assess the quality and quantity of bauxite reserves. This stage is expected to take up to 18 months. If this stage is successful, a full feasibility study would follow. The parties estimate that the mine and alumina refinery could be operational within three years following the successful completion of the full feasibility study.

For additional information on our recent developments see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" on page S-26.

Management, Independent Registered Public Accounting Firm and Co-Managers

The members of our Board of Directors are: Craig A. Davis (Chairman of the Board), Jarl Berntzen, John P. O'Brien, Logan W. Kruger, Robert E. Fishman, Peter C. Jones, Jack E. Thompson, John C. Fontaine and Willy R. Strothotte.

Our Executive Officers are;

- Logan W. Kruger, President, Chief Executive Officer and Director,
- Michael A. Bless, Executive Vice President and Chief Financial Officer,
- Robert R. Nielsen, Executive Vice President, General Counsel and Secretary,
- Wayne R. Hale, Executive Vice President and Chief Operating Officer,
- Steve Schneider, Senior Vice President, Chief Accounting Officer and Controller,
- Giulio Casello, Senior Vice President of Business Development,
- Peter C. McGuire, Vice President and Associate General Counsel and
- Michelle M. Lair, Vice President and Treasurer.

Our independent registered public accounting firm is Deloitte & Touche LLP, 2500 One PPG Place, Pittsburgh, PA 15222, United States.

The Icelandic Co-Managers and sole advisors on listing and admission to trading in Iceland of the depositary receipts are: Kaupthing Bank hf., Borgatun 19, 105 Reykjavik, Iceland, and Landsbanki Islands hf., Austurstræti 11, 155 Reykjavik, Iceland. Our certified adviser on First North Iceland is Landsbanki Islands hf.

Risk Factors

An investment in our common stock or the depositary receipts involves various risks. You should carefully consider the matters discussed under the section entitled "Risk Factors," commencing on page E-13 of this prospectus and the risk factors in our Annual Reports on Form 10-K included in Appendices I — III, as the same may be updated or supplemented by our future filings with the SEC and on First North Iceland as operated by ICEX before making any investment in our common stock or depositary receipts. Some statements contained in this prospectus or appendices to this prospectus are "forward-looking statements." You should not place undue reliance on forward-looking statements because they are subject to a variety of risks that may cause material differences between our actual and anticipated results, performance or achievements. See "Forward-Looking Statements," on page S-18.

Operating and Financial Review

The following selected financial data for the three years ended December 31, 2006 are derived from the audited consolidated financial statements of Century Aluminum Company. The financial data for the three months ended March 31, 2007 and 2006 are derived from our unaudited consolidated financial statements. The unaudited financial statements include all adjustments, which are of a normal and recurring nature, which we consider necessary for a fair presentation of the financial position and the results of operations for these periods. The consolidated financial statements for the three years ended December 31, 2006 and interim financial statements for the three months ended March 31, 2007 and 2006 have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2007. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information included in this prospectus.

Our selected historical results of operations include: the results of operations from Nordural since we acquired it in April 2004; our equity in the earnings of our joint venture investments in Gramercy and St. Ann since we acquired an interest in those companies in October 2004; and the results of operations from our 130,000 mtpy expansion of Grundartangi which became fully operational in the fourth quarter of 2006.

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006(1)	2006(2)	2005(3)	2004(4)
	(Unaudited)				
	(In thousands, except per share data)				
Net sales	$ 447,657	$ 346,946	$1,558,566	$1,132,362	$1,060,747
Gross profit	110,652	76,468	348,522	161,677	185,287
Operating income	97,685	64,349	309,159	126,904	160,371
Net income (loss)	64,249	(141,571)	(40,955)	(116,255)	33,482
Earnings (loss) per share:					
Basic:	$ 1.98	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14
Diluted:	$ 1.87	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14
Total assets	$2,247,946	$1,883,066	$2,185,234	$1,677,431	$1,332,553
Total debt(5)	772,602	727,789	772,251	671,901	524,108
Long-term debt(6)	575,176	528,887	559,331	488,505	330,711
Net cash flow from operating Activities	98,118	16,039	185,353	134,936	105,828
Other information:					
Shipments — Primary aluminum:					
Direct shipment pounds (000)	290,057	291,843	1,152,617	1,153,731	1,179,824
Toll shipment pounds (000)(7)	116,964	54,174	346,390	203,967	138,239
Average LME per pound	$ 1.27	$ 1.10	$ 1.166	$ 0.861	$ 0.778
Average Midwest premium per pound	$ 0.032	$ 0.055	$ 0.055	$ 0.056	$ 0.068
Average realized price per pound:					
Direct shipments	$ 1.15	$ 1.03	$ 1.09	$ 0.86	$ 0.83
Toll shipments	$ 0.98	$ 0.83	$ 0.88	$ 0.67	$ 0.62

(1) Net income (loss) includes an after-tax charge of $183.5 million, or $5.54 per diluted share for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(2) Net income (loss) includes an after-tax charge of $241.7 million, or $7.19 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting and a gain on the sale of surplus land.

(3) Net income (loss) includes an after-tax charge of $198.2 million, or $6.15 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(4) Net income (loss) includes an after-tax charge of $30.4 million, or $1.06 per diluted share, for a loss on early extinguishment of debt. See Note 5 in the Audited Consolidated Financial Statements included herein.

(5) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, including the current portion of our long-term debt, industrial revenue bonds and 1.75% convertible senior notes. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(6) Long-term debt includes all payment obligations under long-term borrowing arrangements, excluding the current portion of long-term debt. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(7) Grundartangi completed a 130,000 mtpy capacity expansion in the fourth quarter of 2006.

Capitalization

The following table sets forth our capitalization as of March 31, 2007:

- on an actual basis; and
- on an as adjusted basis to give effect to this offering, after deducting the estimated underwriting discounts and commissions and our estimated offering expenses (utilizing the public offering price of $52.50 per share and assuming the underwriters' option to purchase an additional 1,087,500 shares of our common stock is not exercised).

The information set forth below should be read in conjunction with our consolidated financial statements and related notes included in this prospectus.

	As of March 31, 2007	
	Actual	**As Adjusted(1)**
	(unaudited) (Dollars in thousands)	
Cash and cash equivalents	$ 168,124	$ 196,723
Short-term debt:		
1.75% convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Current portion of long-term debt	14,611	611
Long-term debt:		
7.5% senior unsecured notes	250,000	250,000
Nordural's senior term loan	317,500	—
Other Nordural long-term debt	7,676	7,676
Total Debt	772,602	441,102
Shareholders' equity:		
Common stock	326	399
Additional paid-in capital	437,375	797,402
Accumulated other comprehensive loss	(136,715)	(136,715)
Accumulated deficit	(79,964)	(82,174)
Total shareholders' equity	221,022	578,912
Total capitalization	$ 993,624	$1,020,014

(1) Does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

Security Ownership of Certain Beneficial Owners

Our shares of common stock are listed on the NASDAQ Global Select Market. Under our certificate of incorporation, our board of directors is authorized to issue up to 5,000,000 shares of preferred stock without any vote or action by the holders of our common stock. Our board of directors may issue preferred stock in one or more series and determine for each series the dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting that series, as well as the designation thereof. As of the date of this prospectus there are no shares of our preferred stock issued and outstanding.

The accompanying table lists Century's beneficial owners of five percent or more of the outstanding shares of Century's common stock, par value $0.01 per share, as of April 16, 2007. As of April 16, 2007, 100,000,000 shares were authorized and 32,582,663 shares were issued and outstanding. Further information regarding our beneficial owners can be found on page S-69.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Glencore International AG	9,320,089	28.6
Guardian Life Insurance Company of America	3,121,437	9.6
Prudential Financial, Inc.	1,863,899	5.7
Citadel Limited Partnership	1,816,395	5.6
Total	**16,121,820**	**49.5**
Total other stockholders	16,463,260	50.5
Total issued shares	**32,585,080**	**100.0**

Related party transactions

Glencore is an important business partner, as a customer, a supplier of alumina to our facilities, and as a counterparty to our hedges. All transactions with Glencore are approved by the Audit Committee or by a special committee comprised solely of independent directors. For further information regarding transactions with Glencore, see "Certain Relationships and Related Transactions" on page S-51.

Terms of the Offering

Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, New York 10010, and Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036, have been Global Coordinators of this offering, and Kaupthing Bank hf., Borgartún 19, 105 Reykjavík, Iceland, Kaupthing Securities, Inc., 230 Park Avenue, New York, New York 10169 and Landsbanki Islands hf., Austurstræti 11, 155 Reykjavik, Iceland, acted as Co-Managers. The Icelandic Co-Managers managed the offering to institutional investors in Iceland. The offering in Iceland was in the form of depositary receipts representing Century Aluminum Company common stock. Each depositary receipt represents one common share. The depositary receipts will be listed, traded and settled in Icelandic krona on First North Iceland from the day of listing.

Arion Custody Services hf. (hereinafter, Arion), Armuli 13, 108 Reykjavik, Iceland, is acting as Depositary Agent, and Kaupthing Bank hf., Borgartún 19, 105 Reykjavík, Iceland, is acting as Paying Agent.

Common stock offered by us	7,250,000 shares
Common stock outstanding prior to completion of the offering	32,611,320 shares(1)
Common stock outstanding after the offering	39,861,320 shares(1)
Underwriters' over-allotment option	1,087,500 shares
Common stock to be outstanding after this offering, assuming exercise of the underwriters' over-allotment option in full	40,948,820 shares(1)
Use of proceeds	We have received approximately $360.1 million in net proceeds (after underwriting discounts and

	commissions of approximately $18.7 million and offering expenses of approximately $1.9 million from this offering), or approximately $416.3 million if the underwriters exercise their over-allotment option in full. We intend to use the net proceeds from the sale of our common stock under this prospectus primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. Successful completion of the Helguvik project is subject to various risks described under "Risk Factors" on page E-13. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including other capital expenditures. From time to time, we evaluate the possibility of acquiring businesses and additional production facilities, and we may use a portion of the proceeds as consideration for such acquisitions. Until we use the net proceeds for any of the foregoing purposes, we expect to use them primarily to reduce debt or invest them in interest-bearing securities, in particular, we intend to repay all or a substantial portion of our Nordural subsidiary's term loan, subject to obtaining reasonable assurance that we will be able to secure borrowing capacity for the Helguvik project. See "Use of Proceeds" on page S-19.
Nasdaq Global Select Market Symbol	"CENX"

(1) Based on shares of common stock outstanding as of May 31, 2007. This number excludes approximately 414,000 shares of our common stock issuable upon exercise of outstanding stock options under our stock option plans and approximately 520,000 shares of our common stock reserved for future issuance under our stock option plans and unvested shares of restricted stock.

Sale procedure

Allocations were determined at the discretion of the underwriters. The factors that the underwriters and we took into consideration when determining the allocation included the size of orders and the geographic distribution of investors. The depositary receipts were offered by the Icelandic Co-Managers through a bookbuilding process during which they found potential investors and solicited orders for the depositary receipts, which commenced on June 7, 2007, at 10:00 GMT and ended on or around June 7, 2007 after the closing of the NASDAQ Global Select Market. During this period, indicative orders were solicited from investors at a specific price in U.S. dollars or at market for a specified number of shares. No indicative orders were accepted after this period had finished. Kaupthing Bank hf.'s (tel: +354-444-7300) and Landsbanki Island hf.'s (tel: +354-410-7330) capital markets divisions took orders and managed the process. We retained the ability to shorten the bookbuilding period or cancel the bookbuilding process at any time, based on investor response. The offering in Iceland was only to institutional investors and there was not a retail tranche. The underwriters had the right to allocate according to their own discretion and suspend any subscriptions. The underwriters have notified those investors to whom an allotment was made and advised them of how payment for the depositary receipts shall be made.

Subscriptions by management and major shareholders

We understand that Glencore AG, or Glencore, has subscribed to a significant portion of this offering which is approximately proportional to its present ownership interest in us. For additional information regarding Glencore, see "Security Ownership of Certain Beneficial Owners" on page E-8. We did not expect prior to the offering that members of our Board of Directors or management would subscribe to significant portions of the offering.

Underwriters

Under the terms and subject to the conditions contained in an underwriting agreement dated June 7, 2007 the underwriters named below, for whom Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. Incorporated are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, the number of shares indicated below:

Name	Number of Shares
Credit Suisse Securities (USA) LLC	3,060,000
Morgan Stanley & Co. Incorporated	2,040,000
Kaupthing Bank hf.	825,000
Landsbanki Islands hf.	825,000
Kaupthing Securities, Inc.	500,000
Total	7,250,000

The following table shows the per share and total underwriting discounts and commissions paid to the underwriters by us, and the proceeds before expenses to us. Expenses include the expenses associated with the sale of depositary receipts in Iceland and the sale of our common stock in the U.S. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 1,087,500 shares of common stock:

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$52.5000	$380,625,000	$437,718,750
Underwriting discounts and commissions	$ 2.5725	$ 18,650,625	$ 21,448,219
Proceeds, before expenses, to Century Aluminum	$49.9275	$361,974,375	$416,270,531

Any shares of our common stock represented by depositary receipts offered and sold in Iceland have been offered and sold solely by the Icelandic Co-Managers of this offering, Kaupthing Bank hf. and Landsbanki Islands hf., to institutional investors.

The offering expenses payable by us, in addition to the underwriting discounts and commissions, are approximately $1,875,000 which includes legal, accounting and printing costs and various other fees associated with registering and listing the common stock.

Dilution

Our net tangible book value as of March 31, 2007 was approximately $68 million, or $2.09 per share. Our net tangible book value per share represents our total tangible assets less total liabilities divided by the number of shares of our common stock outstanding as of March 31, 2007.

After giving effect to the sale of 7,250,000 shares of common stock offered by us in this offering based on a per share offering price of $52.50, and deducting the underwriting discount and commissions on shares sold by us and other expenses related to the offering, our net tangible book value was approximately $10.75 per share. This amount represents an immediate increase in net tangible book value of $8.66 per share to the existing stockholders and an immediate dilution of $38.92 per share to new investors.

Public offering price per share	$52.50
Net tangible book value per share as of March 31, 2007	$ 2.09
Increase per share attributable to this offering	$ 8.66
Net tangible book value per share after this offering	$10.75
Dilution in net tangible book value per share to new investors	$38.92

If the underwriters exercise their over-allotment option in full, our net tangible book value as of March 31, 2007 would have been $11.79 per share, representing an immediate increase to existing stockholders of $9.70 per share and an immediate dilution of $37.91 per share to new investors.

The above information does not reflect 520,000 shares reserved for issuance, as of March 31, 2007, upon the exercise of outstanding stock options and vesting of restricted stock awards.

Exercise of Stockholder Rights by Depositary Receipt Holders

In general, each depositary receipt carries the rights of the underlying shares of our common stock it represents. However, because Arion, as the depositary agent, will actually hold our shares of common stock, the holder of depositary receipts generally will be required to rely on the depositary to exercise the rights of a stockholder on behalf of the holder of depositary receipts. Rights to the depositary receipts must be registered with the Icelandic Securities Depository in order to be legally protected with regard to execution measures and disposal by contract. Priority over depositary receipts will be determined by the time of receipt by the Icelandic Securities Depository of an account operator's registration request. For more information about the depositary receipts, see "Information Regarding the Depositary Receipts" on page E-23.

Payment of Dividends

Dividends declared and paid on the shares of common stock underlying the depositary receipts will be paid by us to Arion. Whenever Arion receives any cash dividend or other cash distribution on the common stock, Arion will, subject to provisions for taxes or other governmental charges or any fees under the Depositary Agreement (see Appendix V), distribute to holders of depositary receipts on the record date fixed pursuant to the Depositary Agreement, such amounts of such sum as are, as nearly as practicable, in proportion to the respective numbers of depositary receipts held by the holders; provided, however, that in case Arion is required by law to and does withhold from any cash dividend or other cash distribution in respect of the common stock an amount on account of taxes, the amount made available for distribution or distributed in respect of the depositary receipts will be reduced by Arion accordingly.

We did not declare dividends on our common stock in 2006, 2005 or 2004, nor have we declared any dividends in 2007. We do not anticipate paying cash dividends on our common stock in the foreseeable future. Our revolving credit facility and the indenture governing our senior notes contain restrictions which limit our ability to pay dividends.

Transfer of Ownership

The underlying shares of common stock have been registered in the United States under the U.S. Securities Act of 1933 and are listed on the NASDAQ Global Select Market. We will maintain the official share registry, setting forth the record holders of our common stock. Arion, as depositary, is registered as the owner of the common stock represented by the depositary receipts issued and registered in Iceland. Arion maintains a record of the holders of the depositary receipts. Depositary receipts and the underlying common stock can be sold, pledged or otherwise transferred by the respective beneficial holder unless prohibited by law.

Changes in ownership of depositary receipts, irrespective of whether these changes occur by means of sale, gift, inheritance, administration of estate or attachment, must at all times be registered with the Icelandic Securities Depository. A person acquiring depositary receipts will not be permitted to exercise the rights conferred on a holder of depositary receipts unless the depositary receipts have been registered on his or her account with the Icelandic Securities Depository. Holders of depositary receipts may be charged standard stock transfer fees and other taxes and governmental charges payable on a transfer as well as transfer or registration fees for the registration or transfer of deposited securities on the register in connection with the deposit or withdrawal of deposited securities.

Withdrawal of Common Stock

Subject to limitations set forth in the Depositary Agreement, any holder of a depositary receipt will have the right at any time, upon payment of any amount due to the depositary with respect to the depositary receipt and delivery of any required transfer documents, certifications, representations and warranties, or covenants, as set forth in the Depositary Agreement, to withdraw any or all of the common stock represented by the depositary receipts and all money and other property, if any, represented by such depositary receipts. Holders of depositary receipts are solely responsible for payment of withdrawal fees to the depositary.

Documents on Display

For a period of twelve months from the publication of this prospectus, a copy of it, including its appendices may be obtained from our headquarters at 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, United States. This prospectus will also be available from the Company News Services System provided by OMX Nordic Exchange (*http://omxgroup.com/nordicexchange*) during the same period.

RISK FACTORS

Investment in the depositary receipts for our common stock offered pursuant to this prospectus involves risks. In addition to the information presented in this prospectus, you should consider carefully the following significant risks before deciding to purchase the depositary receipts.

The following describes significant risks and uncertainties we face that could cause our future results to differ materially from our current results and from those anticipated in our forward-looking statements. These risk factors should be considered together with the other matters described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page S-25 and elsewhere in this prospectus.

Risks Related to the Depositary Receipts

There can be no assurance that an active trading market in the depositary receipts will develop or be maintained.

We are the first U.S. company to trade on the First North Iceland market. Moreover, we have the first depositary receipts representing equity securities trading on First North Iceland. Therefore, there is significant uncertainty as to issues or problems which may arise in connection with the listing and trading of depositary receipts representing our common stock on First North Iceland. These issues or problems may relate to, for example, compliance with applicable securities laws in connection with sales of our depositary receipts in Iceland, or logistical issues related to the settling of trades of U.S. securities in Iceland. In addition, there is considerable liquidity risk associated with the depositary receipts. Liquidity risk is based on how easy or difficult it is to sell an asset as close to its real value as possible. Liquidity risk is dependent upon both share price and share amount. Trading a large quantity of depositary receipts may have a substantial impact on price formation. Consequently, investors may not be able to sell their depositary receipts quickly or at an acceptable price due to liquidity risk. Further, our listing agreement with ICEX provides that we may delist the depositary receipts from First North Iceland at any time, subject to the ability of ICEX to delay delisting for a period of up to one year.

The depositary receipts are listed on an alternative securities market.

The First North Iceland is an alternative securities market and does not have the legal status of a regulated market. The First North Iceland is operated by the Iceland Stock Exchange pursuant to the provisions of Article 34 a of the Iceland Act No. 34/1998 on stock exchanges and regulated OTC (hereafter Stock Exchange Act). Issuers on First North Iceland are subject to the rules of First North Iceland but not the legal requirements which apply to issuers of securities that are listed on a regulated market. According to Article 34 a of the Stock Exchange Act, Chapters VIII (Price formation on a regulated market) and XI (Treatment of insider information and insider trading) of the Act No. 33/2003 on securities transactions (hereafter Securities Act) shall apply to the depositary receipts. The provisions of the Securities Act on take-over bids and changes in the ownership of major holdings (flagging) do not apply to the depositary receipts as they are not listed on a regulated market.

The depositary receipts may trade at a discount compared to our common stock.

Our common stock is listed and quoted on the NASDAQ Global Select Market in the United States. However, there can be no assurance that the depositary receipts will trade on First North Iceland at a price comparable to our common stock. Due to reduced liquidity on First North Iceland, time differences between the markets and the nature of depositary receipts in general, the depositary receipts may trade at a discount to our common stock. The depositary receipts are not listed on the NASDAQ Global Select Market and will be listed only on First North Iceland.

Purchasers of our depositary receipts are exposed to currency risk.

Our common stock is currently traded on the NASDAQ Global Select Market in the United States in U.S. dollars. Following the listing of the depositary receipts on First North Iceland, the depositary receipts, representing our common stock will be traded on First North Iceland in Icelandic krona. Fluctuations in the exchange rate between the U.S. dollar and the Icelandic krona may affect the value of our shares on both the NASDAQ Global Select Market in the United States and First North Iceland.

In addition, we are a Delaware registered company and our common stock is denominated in U.S. dollars. Consequently, all payments or distributions on the common stock, including payments of dividends, if made, will be made in U.S. dollars, even though the depositary receipts will be traded in Icelandic krona on First North Iceland. The value of such dividends in currencies other than the U.S. dollar will be subject to fluctuations in the exchange rate between the U.S. dollar and the Icelandic krona from the date the dividend is declared until the date the dividend is paid.

Your voting rights with respect to the shares represented by the depositary receipts are limited by the terms of the Depositary Agreement and relevant provisions of U.S. law.

As a holder of depositary receipts, you will have no direct voting rights with respect to the shares of our common stock represented by the depositary receipts. You will be able to exercise voting rights with respect to the shares represented by depositary receipts only in accordance with the provisions of the Depositary Agreement and relevant requirements of Delaware law in the United States. However, there are practical limitations upon your ability to exercise your voting rights due to the additional procedural steps involved in communicating with you. For example, the Delaware General Corporation Law and our bylaws require us to notify stockholders prior to the date of any stockholder meeting. Our record holders of common stock will receive notice directly from us and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. Holders of depositary receipts will not receive notice directly from us. Rather, in accordance with the Depositary Agreement, we will provide this notice to Arion. Arion has undertaken, in turn, to mail to you notice of such meeting and copies of proxy materials. To exercise your voting rights, you must then instruct Arion how to vote the shares represented by the depositary receipts you hold. Because of this additional procedural step involving the depositary, the process for exercising voting rights may take longer for you than for registered stockholders, and we cannot assure you that you will receive voting materials in time to enable you to return voting instructions in a timely manner. Depositary receipts for which Arion does not receive timely voting instructions will not be voted.

Holders of depositary receipts will not be direct stockholders of our company and will be unable to enforce the rights of stockholders under our certificate of incorporation, bylaws and Delaware corporate law.

Risks Relating to Our Business

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows; our hedging transactions may limit our ability to benefit from increased aluminum prices which are currently near historical highs.

Our operating results depend on the market for primary aluminum, which is a highly cyclical commodity with prices that are affected by global demand and supply factors and other conditions. Historically, aluminum prices have been volatile and we expect such volatility to continue. Currently, aluminum prices are near historical highs. These prices are driven, in part, by global demand for aluminum arising from favorable global economic conditions and strong demand in China. Although we use contractual arrangements to manage our exposure to fluctuations in the commodity price, a decline in primary aluminum prices would reduce our earnings and cash flows. Any significant downturn in prices for primary aluminum would significantly reduce the amount of cash available to meet our current obligations and fund our long-term business strategies and may force the curtailment of all or a portion of our operations at one or more of our smelters.

Conversely, as prices for aluminum increase, certain of our hedging transactions, including our forward sales of primary aluminum and our LME-based alumina and power contracts, limit our ability to take advantage of these increased prices.

We sell molten aluminum to the major customers of Ravenswood and Hawesville; the loss of one of these major customers would increase our production costs at those facilities and could increase our sales and marketing costs.

Approximately 53% of our consolidated net sales for 2006 was derived from sales to Alcan and Southwire. Alcan's facility is located adjacent to Ravenswood and Southwire's facility is located adjacent to Hawesville. Due to this proximity, we are able to deliver molten aluminum to these customers, thereby eliminating our casting and shipping costs and our customers' freight and remelting costs and reducing our sales and marketing costs. Century has contracts with Alcan and Southwire which are due to expire in July 2007 and March 2011, respectively. We may be unable to extend or replace these contracts when they terminate. If we are unable to renew these contracts when they expire, or if either customer significantly reduces its purchases under those contracts, we would incur higher casting and shipping costs and potentially higher sales and marketing costs.

A material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk.

We benefit from our relationship with Glencore, our largest shareholder. We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk, which could impact our results of operations.

Losses caused by disruptions in the supply of power would reduce the profitability of our operations.

We use large amounts of electricity to produce primary aluminum. Any loss of power which reduces the amperage to our equipment or causes an equipment shutdown would result in a reduction in the volume of molten aluminum produced and may result in the hardening or "freezing" of molten aluminum in the pots where it is produced. Interruptions in the supply of electrical power to our facilities can be caused by a number of circumstances, including unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. If such a condition were to occur, we may lose production for a prolonged period of time and incur significant losses. We maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, but are required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand. Certain losses or prolonged interruptions in our operations may trigger a default under our revolving credit facility.

The cost of alumina used at Hawesville may be higher than under our LME-based alumina contracts.

We acquire alumina used at Ravenswood and Mt. Holly at prices based on the LME price for primary aluminum. Gramercy supplies all of the alumina used at Hawesville at prices based on Gramercy's production costs. Those production costs could be materially higher than the price paid under LME-based contracts during periods when aluminum prices are low and raw material costs used in the production of alumina, such as natural gas, are high.

Changes or disruptions to our current alumina and other raw material supply arrangements could increase our raw material costs.

We depend on a limited number of suppliers for alumina, the principal raw material used to produce primary aluminum. Disruptions to our supply of alumina could occur for a variety of reasons, including disruptions of production at a particular supplier's alumina refinery. These disruptions may require Century to purchase alumina on the spot market on less favorable terms than under our current agreements.

Gramercy supplies substantially all the alumina used at Hawesville. Our joint venture bauxite mining operation in St. Ann, Jamaica supplies all of the bauxite used in the production of alumina at Gramercy. If there is a significant disruption of St. Ann bauxite shipments in the future, Gramercy could incur additional costs if it is required to use bauxite from other sources. For example, in the fourth quarter of 2006, a disruption in our Gramercy power supply increased our costs as we replaced Gramercy-supplied alumina with the more expensive spot market.

Our business also depends upon the adequate supply of other raw materials, including caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes, at competitive prices. Although there remain multiple sources for these raw materials worldwide, consolidation among certain North American suppliers has reduced the number of available suppliers in this industry. A disruption in our raw materials supply from our existing suppliers due to a labor dispute, shortage of their raw materials or other unforeseen factors may adversely affect our operating results if we are unable to secure alternate supplies of these materials at comparable prices.

Changes in the relative cost and availability of certain raw materials and energy compared to the price of primary aluminum could affect our operating results.

Our operating results vary significantly with changes in the price of primary aluminum and the raw materials used in its production, including alumina, caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes. Because we sell our products based on the LME price for primary aluminum, we cannot pass on increased costs to our customers. Although we attempt to mitigate the effects of price fluctuations through the use of various fixed-price commitments and financial instruments and by pricing some of our raw materials and energy contracts based on LME prices, these efforts also limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. In addition, because we have sold forward a certain amount of our production capacity in future years, rising raw material and energy prices would negatively impact our earnings and cash flow.

Electricity represents our single largest operating cost. As a result, the availability of electricity at economic prices is critical to the profitability of our operations. We purchase virtually all of our electricity for our U.S. facilities under fixed-price contracts through 2007. At Mt. Holly, portions of the contracted cost of the electricity supplied to Mt. Holly vary with the supplier's fuel costs. An increase in these fuel costs would increase the price this facility pays for electricity. Hawesville has unpriced power requirements of approximately 27% of its power requirements from 2008 through 2010. The profitability of Hawesville could be adversely affected if we are unable to obtain power for the unpriced portions of Hawesville's power requirements at economic rates. We are currently reviewing our options for pricing power in 2008 through 2010 at Hawesville. We are working with a local power company on a proposal that would restructure and extend Hawesville's existing power supply contract through 2023. If we are not successful at replacing such power requirements, we may be forced to curtail or idle a portion of our production capacity, which would lower our revenues and adversely affect the profitability of our operations. At Ravenswood, power prices have some variability based upon the LME price for primary aluminum and are subject to possible adjustments in the published tariff. For instance, on May 31, 2007, an agreement was reached in a tariff rate case pending before the West Virginia Public Service Commission, or PSC, which, if approved by the PSC, would be effective July 1, 2007 and would increase the special contract rate for Ravenswood by approximately 10%. This rate case, or other possible future rate cases, could lead to an increase in the price that Ravenswood pays for electricity and thereby decrease profit margins.

Unexpected events, including natural disasters, may increase our cost of doing business or disrupt our operations.

Unexpected events, including fires or explosions at our facilities, natural disasters, such as hurricanes, unplanned power outages, supply disruptions, or equipment failures, may increase our cost of doing business or otherwise disrupt our operations.

We are subject to the risk of union disputes.

The bargaining unit employees at Ravenswood and Hawesville and at the Gramercy refinery are represented by the United Steelworkers of America ("USWA"). Century's USWA labor contracts at Hawesville and Ravenswood and the labor contract at Gramercy expire in March 2010, May 2009, and September 2010, respectively. Our bargaining unit employees at Grundartangi are represented by five unions under a collective bargaining agreement that expires on December 31, 2009.

If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As a result of a threatened strike in July 2006, we commenced an orderly shut down of one of the four potlines at Ravenswood. Although the notice to strike was rescinded after we reached agreement with the USWA on a new labor contract, our production at Ravenswood was curtailed while we restarted the potline. Any threatened or actual work stoppage in the future could prevent or significantly impair our ability to conduct production operations at our unionized facilities, which could have a material adverse effect on our financial results.

We are subject to a variety of environmental laws that could result in costs or liabilities.

We are obligated to comply with various federal, state and other environmental laws and regulations, including the environmental laws and regulations of the United States, Iceland, the European Union ("EU") and Jamaica. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. In addition, we are currently and may in the future be responsible for the cleanup of contamination at some of our current and former facilities or for the amelioration of damage to natural resources.

We, along with others, including current and former owners of a facility on St. Croix in the Virgin Islands formerly owned by a subsidiary of ours, have been sued for alleged natural resources damages at the facility. In addition, in December 2006, we and the company that purchased the assets of our St. Croix facility in 1995 were sued by the Commissioner of the U.S. Virgin Islands Department of Planning and Natural Resources alleging our failure to take certain actions specified in a Virgin Islands Coastal Zone management permit issued to our subsidiary, Virgin Island Alumina Corporation LLC, in October 1994. Also, in July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. Our known liabilities with respect to these and other matters relating to environmental compliance and cleanup, based on current information, are not expected to be material. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered or alleged, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may be material and could affect our liquidity and our operating results. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire in the future. In addition, overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than current or projected expenditures and costs.

Acquisitions may present difficulties.

We have a history of making acquisitions and we expect to make acquisitions in the future. We are subject to numerous risks as a result of our acquisitions, including the following:

- it may be challenging for us to manage our existing business as we integrate acquired operations;
- we may not achieve the anticipated benefits from our acquisitions; and
- management of acquisitions will require continued development of financial controls and information systems, which may prove to be expensive, time-consuming, and difficult to maintain.

Accordingly, our past or future acquisitions might not ultimately improve our competitive position and business prospects as anticipated.

International operations expose us to political, regulatory, currency and other related risks.

Grundartangi, in Iceland, was our first facility located outside of the United States. Following completion of the ongoing expansion at that facility, it will represent approximately 33% of our overall primary aluminum production capacity. We also intend to construct a greenfield aluminum smelter near Helguvik, Iceland and are exploring opportunities in other countries. The St. Ann bauxite operations related to the Gramercy plant are located in Jamaica. We are considering the development of greenfield upstream aluminum projects in several foreign countries, including the Republic of Congo and Jamaica. We may in the future consider other investments in other foreign countries. International operations expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased cost to adapt our systems and practices to those used in foreign countries, export duties, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws. In addition, we may be exposed to fluctuations in currency exchange rates and, as a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. For example, Nordural's revenues are denominated in U.S. dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. In addition, a majority of our costs in connection with the ongoing expansion of the Grundartangi facility are denominated in currencies other than the U.S. dollar. As we continue to expand the Grundartangi facility, construct the Helguvik facility and explore other opportunities, our currency risk with respect to the Icelandic krona and other foreign currencies will significantly increase.

Our historical financial information may not be comparable to our results for future periods.

Our historical financial information is not necessarily indicative of our future results of operations, financial position and cash flows. For example, certain of our historical financial data do not reflect the effects of:

- our acquisition of Nordural prior to April 27, 2004;
- the equity in the earnings of our joint ventures prior to October 1, 2004; and
- the 130,000 mtpy expansion capacity of Grundartangi that was completed in the fourth quarter of 2006.

Our high level of indebtedness requires significant cash flow to meet our debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits our ability to pursue our growth strategy.

We are highly leveraged. We had an aggregate of approximately $773 million of outstanding indebtedness as of March 31, 2007. In addition, we could borrow additional amounts under our $100 million credit facility, and we expect to incur additional indebtedness to finance the Helguvik project. The level of our indebtedness could have important consequences, including:

- limiting cash flow available for capital expenditures, acquisitions, dividends, working capital and other general corporate purposes because a substantial portion of our cash flow from operations must be dedicated to servicing our debt;
- increasing our vulnerability to adverse economic and industry conditions; and
- limiting our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate.

We will be required to settle in cash up to the principal amount of our $175 million convertible notes (which are convertible by the holder at any time) upon conversion, which could increase our debt service obligations. In addition to our indebtedness, we have liabilities and other obligations which could reduce cash available for other purposes and could limit our ability to pursue our growth strategy. More information about our liquidity and debt service obligations is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" on page S-37.

We are also exposed to risks of interest rate increases. We had approximately $341 million of debt with variable interest rates at March 31, 2007, of which, at March 31, 2007, approximately $332 million were borrowings under Nordural's $365 million senior term loan facility. At April 30, 2007, Nordural had borrowings under its senior term loan facility of approximately $262 million. Nordural's annual debt service requirements will vary, as amounts outstanding under its term loan facility bear interest at a variable rate.

Our ability to pay interest and to repay or refinance our indebtedness, including Nordural's senior term loan facility, our senior unsecured notes and convertible notes, and to satisfy other commitments, including funding the ongoing Grundartangi expansion, will depend upon our future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors, including market prices for primary aluminum, that are beyond our control. Accordingly, there is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay debt service obligations or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our indebtedness or seek additional equity capital. There can be no assurance that we would be able to accomplish those actions on satisfactory terms.

Restrictive covenants in our credit facility and the indenture governing our senior notes limit our ability to incur additional debt and pursue our growth strategy.

Our revolving credit facility and the indenture governing our senior unsecured notes each contain various covenants that restrict the way we conduct our business and limit our ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, which may impair our ability to pursue our growth strategy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations" on page S-39. Any failure to comply with those covenants may constitute a breach under the revolving credit facility or the indenture governing the notes, which may result in the acceleration of all or a substantial portion of our outstanding indebtedness and termination of commitments under our revolving credit facility. If our indebtedness is accelerated, we may be unable to repay the required amounts and our secured lenders could foreclose on any collateral securing our secured debt.

Substantially all of Nordural's assets are pledged as security under its term loan facility. In addition, the shares of Nordural have been pledged to the lenders as collateral. If Nordural is unable to comply with the covenants in its term loan, the lenders would be able to cause all or part of the amounts outstanding under the loan facility to be immediately due and payable and foreclose on any collateral securing the loan facility. The term loan facility also contains restrictions on Nordural's ability to pay dividends, including a requirement that Nordural make a repayment of principal in an amount equal to 50% of any dividend paid to shareholders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" on page S-37.

Further metals industry consolidation could provide competitive advantages to our competitors.

The metals industry has experienced consolidation over the past several years and there may be more consolidation transactions in the future. Consolidation by our competitors may enhance their capacity and their access to resources, lower their cost structure and put us at a competitive disadvantage. Continued consolidation may limit our ability to implement our strategic objectives effectively. We cannot reliably predict the impact on us of further consolidation in the aluminum industry.

The Helguvik project is subject to certain conditions and risks. If we do not proceed with this project, we would have broad discretion in deciding how to use the proceeds from this offering which were allocated for the Helguvik project.

We are not obligated to use the proceeds to us from this offering for any particular purpose. Accordingly, we will have considerable discretion in the application of the net proceeds.

We intend to use the net proceeds from this offering primarily as part of the funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. This project is subject to various Icelandic regulatory and other approvals and conditions. Recently, there has been increasing opposition among some voters in Iceland to the construction of new aluminum smelters and the further development of heavy industry in general. In March 2007, a local referendum in another area of Iceland resulted in the disapproval of a smelter expansion project proposed by another primary aluminum producer for the municipality in which the referendum was held. There can be no assurance that we will receive the necessary approvals to proceed with construction of our Helguvik smelter, on a timely basis or at all. In addition, such approvals as we do receive may be subject to conditions that are unfavorable or make the project impracticable or less attractive from a financial standpoint. Even if we receive necessary approvals on terms that we determine are acceptable, the construction of this project is a complex undertaking. There can be no assurance that we will be able to complete the project within our projected budget and schedule. In addition, unforeseen technical difficulties could increase the cost of the project, delay the project or render the project not feasible. Any delay in the completion of the project or increased costs could have a material negative impact on our financial performance and future prospects. To successfully execute this project, we will also need to arrange additional financing and either enter into tolling arrangements or secure a supply of alumina.

If we do not use the proceeds from this offering to finance a portion of the Helguvik project, we would seek to direct such proceeds to a financially attractive alternative use; however, there is no assurance that we would be able to find financially attractive alternative investments. The net proceeds may be used for corporate purposes that ultimately do not improve our operating results or market value, and you will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the proceeds. See "Use of Proceeds" on page S-19.

If we are unable to procure a reliable source of power, the proposed Helguvik project would not be feasible.

Our proposed greenfield aluminum smelter near Helguvik, Iceland will require generation and transmission of geothermally-generated electricity to power the smelter. Our wholly-owned Iceland subsidiary, Nordural Helguvik sf, has entered into agreements with two providers of geothermal power in Iceland for a substantial portion of this power. These two power company agreements are subject to certain conditions, some of which are not expected to be satisfied until the second quarter of 2008. These conditions include approvals by the boards of directors of the power companies, as well as environmental agency approvals. Additionally, Nordural Helguvik is in the process of finalizing with Iceland's transmission company an agreement to transmit the power to the new smelter. Conclusion of this power-transmission agreement will require consent of the municipalities affected by the transmission of the power. Generation of the electrical power contracted for the Helguvik smelter will require successful development of new geothermal energy sources within designated areas in Iceland. If there are construction delays or technical difficulties in developing these new geothermal fields, power may be delayed or may not be available. Factors which could delay or impede the generation and delivery of electric power are substantially beyond our ability to control, influence or predict.

Reductions in the duty on primary aluminum imports into the European Union decrease our revenues at Grundartangi.

Grundartangi's tolling revenues include a premium based on the EU import duty for primary aluminum. In May 2007, the EU members reduced the import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi's revenues and further decreases would also have a negative impact on Grundartangi's revenues.

Risks Associated with Our Common Stock and this Offering

We depend upon dividends from our subsidiaries to meet our debt service obligations.

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of dividends from our subsidiaries. Nordural's senior term loan facility places significant limitations on Nordural's ability to pay dividends. Subject to the restrictions contained in our revolving credit facility and the indentures governing our senior and convertible notes, future borrowings by our subsidiaries could contain restrictions or prohibitions on the payment of dividends by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock.

The price of our common stock has fluctuated significantly.

The market price of our common stock has experienced significant volatility from time to time, and this volatility may continue in the future. From January 1, 2006, through June 7, 2007, the intra-day sales price of our common stock on NASDAQ ranged from $26.14 to $58.60 per share. In addition, the securities markets have experienced significant price and volume fluctuations. The market price for our common stock may be affected by a number of factors, including actual or anticipated variations in our quarterly results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, changes in research coverage by securities analysts, any announcement by us of significant acquisitions, strategic partnerships, joint ventures or capital commitments, developments in the aluminum industry, including with respect to our major competitors, and sales of substantial numbers of shares by current holders of our common stock in the public market. In addition, general economic, political and market conditions and other factors unrelated to our operating performance may cause the market price of our common stock to be volatile.

Provisions in our charter documents and state law may make it difficult for others to obtain control of Century Aluminum, even though some stockholders may consider them to be beneficial.

Certain provisions of our restated certificate of incorporation and amended and restated bylaws, as well as provisions of the Delaware General Corporation Law, may have the effect of delaying, deferring or preventing a change in control of Century, including transactions in which our stockholders might otherwise have received a substantial premium for their shares over then-current market prices. For example, these provisions:

- give authority to our board of directors to issue preferred stock and to determine the price, rights, preferences, privileges and restrictions of the shares of preferred stock without any stockholder vote;

- provide, under our charter documents, for a board of directors consisting of three classes, each of which serves for a different three-year term;

- require stockholders to give advance notice prior to submitting proposals for consideration at stockholders' meetings or to nominate persons for election as directors; and

- restrict, under our charter documents, certain business combinations between us and any person who beneficially owns 10% or more of our outstanding voting stock.

In addition, several of our officers have entered into employment and severance compensation agreements that provide for cash payments, immediate vesting of stock options and performance shares and acceleration of other benefits under certain circumstances, including a change in control of Century. Our 1996 Stock Incentive Plan, as amended, also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change in control, and our Non-Employee Directors' Stock Option Plan provides for acceleration of an option holder's ability to exercise stock options upon a change in control.

Investors in this offering will experience immediate and substantial dilution.

The market price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately after the completion of this offering. Therefore, if you purchase our common stock in this offering, you will incur immediate dilution of $38.92 in net tangible book value per share from the price you paid. In the past, we have issued options to acquire common stock at prices significantly below the public offering price. To the extent these outstanding options are exercised, there will be further dilution to investors.

Possible future sales of our shares by Glencore could adversely affect the market for our stock.

According to its filings with the SEC, Glencore holds approximately 28.6% of our common stock and we understand Glencore has subscribed to approximately that percentage of the shares of our common stock offered by this prospectus supplement (including shares subject to the underwriters' over-allotment option). Although Glencore has entered into a lockup agreement with the underwriters, as described under "Underwriters" on page S-73, once the lockup period of 90 days has expired, Glencore may sell its shares of our common stock in compliance with applicable laws. Although we can make no prediction as to the effect, if any, that such sales would have on the market price of our common stock, sales of substantial amounts of our common stock, or the perception that such sales could occur, could adversely affect the market price of our common stock.

Our management will have broad discretion over the use of the net proceeds from this offering and may invest or spend the net proceeds of this offering in ways with which you disagree.

Our management will have broad discretion in the application of the net proceeds we receive from this offering. Management's failure to apply these funds effectively could impair our ability to execute our business plan and the value of your investment. In addition, our stock price may fall if the investment community does not view our use of the proceeds from this offering favorably.

This list of significant risk factors is not necessarily in order of importance.

PERSONS RESPONSIBLE

We are a Delaware corporation, which constitutes a limited liability company, organized under the laws of the State of Delaware in 1981. Our registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19808. The name of our registered agent at such address is The Prentice Hall Corporation System, Inc. Century Aluminum Company, in its capacity as the Issuer, 2511 Garden Road, Building A, Suite 200, Monterey, California 93940, United States of America, hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Monterey, California, USA on June 13, 2007
On behalf of the Issuer

Craig A. Davis	Logan W. Kruger
Chairman of the Board of Directors	President, Chief Executive Officer and Director

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The annual financial statements of Century Aluminum Company as of December 31, 2006, 2005 and 2004, and management's report on the effectiveness of internal controls over financial reporting as of December 31, 2006, 2005 and 2004, included in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein. In addition, selected historical financial data as of and for the years ended December 31, 2003 and 2002 are derived from our consolidated financial statements audited by Deloitte & Touche LLP which are not included herein. Deloitte & Touche LLP's address is 2500 One PPG Place, Pittsburgh, Pennsylvania 15222-5401.

ICELANDIC CO-MANAGERS, LISTING ADVISORS AND CERTIFIED ADVISER

The Icelandic Co-Managers and sole advisors on listing and admission to trading in Iceland of the depositary receipts are: Kaupthing Bank hf., Borgatun 19, 105 Reykjavik, Iceland, and Landsbanki Islands hf., Austurstræti 11, 155 Reykjavik, Iceland. Our certified adviser on First North Iceland is Landsbanki Islands hf.

Listing Advisors' statement

Kaupthing Bank hf., registered office being Borgartún 19, 105, Reykjavík, Iceland, and Landsbanki Islands hf., registered office being Austurstræti 11, 101 Reykjavík, Iceland, in their capacity as Listing Advisors, hereby declare that they have been advisors to the Issuer in relation to the preparation of this prospectus, in order for the prospectus to comply with the relevant Icelandic laws and regulations, and in relation to the listing of the depositary receipts on First North Iceland. The role of the Listing Advisors, solely in their capacity as such, does not include verifying any information provided by the Issuer or others, gathering any data on the Issuer or performing any due diligence of the Issuer or its securities and thus the Listing Advisors, in their capacities as such, are not responsible for the content of this prospectus and bear no liability thereto.

INFORMATION REGARDING THE DEPOSITARY RECEIPTS

General Information

The depositary receipts and underlying shares of our common stock and the application to list the depositary receipts on First North Iceland have been authorized and approved by resolutions of our Board of Directors and the Pricing Committee of our Board of Directors dated May 28, 2007 and June 7, 2007, respectively. The ISIN number for the depositary receipts is IS0000014884. The designation for the depositary receipts listed on First North Iceland will be "CENX". We expect trading of the depositary receipts to begin on First North Iceland on or around June 14, 2007. For information regarding the underlying shares of our common stock, see "Description of Stock" on page B-3. The depositary receipts were offered and sold in Iceland in accordance with the Icelandic Act on Securities Transactions No. 33/2003. Application has been made to ICEX for a listing of the depositary receipts on First North Iceland. Our common stock is listed, and the shares of common stock represented by depositary receipts are listed, on the NASDAQ Global Select Market in the United States. The depositary receipts will be issued electronically by Arion, in its capacity as depositary, in the book-entry system of the Icelandic Securities Depository. The listing is expected to take place on June 14, 2007, which will be the earliest date on which the depositary receipts will be admitted to trading on First North Iceland. The date of listing, which may occur earlier or later than such date, will be announced one day in advance thereof through the Company News Services System provided by OMX Nordic Exchange. Of the 7,250,000 shares sold in the offering 1,650,000 have been sold to investors in Iceland by way of depositary receipts. We have also granted the underwriters a 30-day option to purchase up to an additional 1,087,500 shares of our common stock to cover over-allotments, if any (including 247,500 shares which would be sold to investors in Iceland by way of global depositary receipts).

The corresponding depositary receipts will be issued electronically by Arion in the book-entry system of the Icelandic Securities Depository and will be sold in this offering in U.S. dollars. The depositary receipts will be listed, traded and settled in Icelandic krona on First North Iceland from the day of listing. ICEX has determined that one round lot of our depositary receipts will amount to 50 depositary receipts. If trading and settlement of the depositary receipts in U.S. dollars can be accommodated in the future, it is anticipated the depositary receipts will then be listed, traded and settled in U.S. dollars.

The shares of our common stock which are represented by the depositary receipts were issued in book-entry form only. Our transfer agent with respect to our common stock is Computershare Investor Services LLC, 2 North La Salle Street, Chicago, Illinois, 60602. Shares of our common stock which do not represent depositary receipts are issued in both book-entry and bearer form. Under the laws of our jurisdiction of incorporation and our Certificate of Incorporation, shares of our common stock are freely negotiable.

Depositary Agreement

Details regarding Arion's role as the depositary of the depositary receipts representing our common stock and certain depositary receipt holder obligations and rights are set forth in the Depositary Agreement dated as of June 4, 2007, a copy of which is attached hereto as Appendix V. Notwithstanding whether holders of depositary receipts representing our common stock execute and deliver the Depositary Agreement or any counterpart thereof, by acceptance of delivery of depositary receipts representing our common stock, all holders of such depositary receipts from time to time shall be deemed to be parties to the Depositary Agreement and shall be bound by all of its terms and conditions, and shall be entitled to all of the benefits thereof and of the depositary receipts. Therefore, all prospective investors were advised to carefully review the Depositary Agreement, and in particular the applicable depositary receipt holder representations, warranties and covenants set forth in Section 3.3 of the Depositary Agreement which were deemed to be made by each acquiror of depositary receipts at the time of depositary receipt acquisition (not only by those acquiring depositary receipts in connection with this offering, but also those who acquire depositary receipts through First North Iceland following the offering).

If prospective investors in depositary receipts representing our common stock cannot make the applicable representations, warranties and covenants set forth in Section 3.3 of the Depositary Agreement, they should not acquire any such depositary receipts.

Exercise of Stockholder Rights by Depositary Receipt Holders

In general, each depositary receipt carries the rights of the underlying shares of our common stock it represents. However, because Arion, as the depositary, will actually hold our shares of common stock, the holder of depositary receipts generally will be required to rely on the depositary to exercise the rights of a stockholder on behalf of the holder of depositary receipts. For example, a holder of one depositary receipt will have the right to cast one vote on matters that are submitted to our common stockholders for approval, although such voting right will be effectuated through the depositary. For additional details regarding certain of our stockholder rights and the exercise thereof, see "Description of Stock" on page B-3. Rights to the depositary receipts must be registered with the Icelandic Securities Depository in order to be legally protected with regard to execution measures and disposal by contract. Negotiable certificates for registered rights of depositary receipts cannot be issued or transferred, and any such negotiable certificates and transactions are invalid. Registration of title to depositary receipts at the Icelandic Securities Depository, following the Icelandic Securities Depository's final entry, gives the registered holder legal authority to the rights to which they are registered owners. Priority over depositary receipts will be determined by the time of receipt by the Icelandic Securities Depository of an account operator's registration request.

Rights to Depositary Receipts

Rights to the depositary receipts must be registered with the Icelandic Securities Depository in order to be legally protected with regard to execution measures and disposal by contract. Negotiable certificates for registered rights of depositary receipts cannot be issued or transferred, and any such negotiable certificates and transactions are invalid. Registration of title to depositary receipts at the Icelandic Securities Depository, following the Icelandic Securities Depository's final entry, gives the registered holder legal authority to the rights to which they are registered owners. Priority over depositary receipts will be determined by the time of receipt by the Icelandic Securities Depository of an account operator's registration request.

Fixing of Record Dates

Whenever any cash dividend or other cash distribution becomes payable, or any distribution other than cash is made, or any rights, preferences or privileges at any time are offered, with respect to the common stock, or the depositary receives notice of any meeting at which holders of common stock are entitled to vote or for which our stockholders are entitled to notice, the depositary will in each such instance fix a record date (which will be the same date as the record date fixed by us with respect to the common stock) for the determination of the holders of depositary receipts who are entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof, or who are entitled to give instructions for the exercise of voting rights at any such meeting or to receive notice of such meeting.

Payment of Dividends

Dividends declared and paid on the shares of common stock underlying the depositary receipts will be paid by us to Arion. Whenever Arion receives any cash dividend or other cash distribution on the common stock, Arion will, subject to provisions for taxes or other governmental charges or any fees under Section 3.2 of the Depositary Agreement, distribute to holders of depositary receipts on the record date fixed pursuant to the Depositary Agreement, such amounts of such sum as are, as nearly as practicable, in proportion to the respective numbers of depositary receipts held by the holders; provided, however, that in case we or Arion are required by law to and do withhold from any cash dividend or other cash distribution in respect of the common stock an amount on account of taxes, the amount made available for distribution or distributed in respect of the depositary receipts will be reduced accordingly. Under the terms of the Depositary Agreement, Arion has undertaken responsibility for any applicable withholding taxes. We do not undertake responsibility for the withholding of taxes under the terms of the Depositary Agreement.

We did not declare dividends on our common stock in 2006, 2005 or 2004, nor have we declared any dividends in 2007. We do not anticipate paying cash dividends on our common stock in the foreseeable future. Our revolving credit facility and the indenture governing our senior notes contain restrictions which limit our ability to pay dividends. The General Corporation Law of the State of Delaware does not provide for a time period after which entitlement to a dividend lapses.

Distributions upon the common stock other than cash, and rights, preferences or privileges upon the common stock, will be distributed by the depositary to the record holders of depositary receipts on the record date fixed pursuant to the Depositary Agreement in a reasonable manner, subject to provisions for taxes or other governmental charges or any fees under Section 3.2 of the Depositary Agreement. The depositary will distribute to the record holders of depositary receipts such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of depositary receipts held by such holders, in any manner that the depositary and we may deem equitable and practicable for accomplishing such distribution. If such distribution cannot be made proportionately among such record holders, or if for any other reason (including any tax withholding or other requirement of law), the depositary deems, after consultation with us, that such distribution would not be feasible, the depositary may, with our approval, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, upon such terms as it may deem proper, with the net proceeds of any such sale to be distributed or made available for distribution, as the case may be, by the depositary to record holders of depositary receipts in the manner provided for cash distributions.

Transfer of Ownership

The underlying shares of common stock have been registered in the United States under the U.S. Securities Act of 1933 and are listed on the NASDAQ Global Select Market. We will maintain the official share registry, setting forth the record holders of our common stock. Arion, as depositary, is registered as the owner of the common stock represented by the depositary receipts issued and registered in Iceland. Arion maintains a record of the holders of the depositary receipts. Depositary receipts and the underlying common stock can be sold, pledged or otherwise transferred by the respective beneficial holder unless prohibited by law.

Changes in ownership of depositary receipts, irrespective of whether these changes occur by means of sale, gift, inheritance, administration of estate or attachment, must at all times be registered with the Icelandic Securities Depository. A person acquiring depositary receipts will not be permitted to exercise the rights conferred on a holder of depositary receipts unless the depositary receipts have been registered on his or her account with the Icelandic Securities Depository. Holders of depositary receipts may be charged standard stock transfer fees and other taxes and governmental charges payable on a transfer as well as transfer or registration fees for the registration or transfer of deposited securities on the register in connection with the deposit or withdrawal of deposited securities.

Costs

Individual investors in the depositary receipts do not pay Arion to serve as the depositary of the depositary receipts representing our common stock, but are required to pay certain fees for transfer of ownership of, or withdrawal of the common stock underlying, the depositary receipts and other taxes, governmental charges or fees in accordance with Arion's then current fee schedule. At the date of this prospectus, the fee payable by depositary receipt holders to Arion for withdrawal is 7,500 Icelandic krona. Fees are also payable by the depositary receipt holders to the Icelandic Securities Depository and custodians for such withdrawal. For more information regarding taxes, governmental charges or any fees payable by the holders of the depositary receipts, see Sections 2.4, 2.5 and 3.2 of the Depositary Agreement.

Withdrawal of Common Stock Represented by Depositary Receipts

Subject to limitations set forth in the Depositary Agreement, any holder of a depositary receipt will have the right at any time, upon payment of any amount due to the depositary with respect to the depositary receipt and delivery of any required transfer documents, certifications, representations and warranties, or covenants, as set forth in the Depositary Agreement, to withdraw any or all of the common stock represented by the depositary receipts and all money and other property, if any, represented by such depositary receipts. Holders of depositary receipts are solely responsible for payment of withdrawal fees to the depositary.

Arion must also receive from the holder seeking to exchange its depositary receipts for the underlying common stock, a written order from such holder directing the depositary to deliver to such holder in book-entry form a specified number of shares of common stock equal to the number of depositary receipts being exchanged by such holder, together with any certifications, representations and warranties, or covenants, as may be deemed reasonably necessary or appropriate by Arion or us, to effectuate the exchange, including, without limitation, any certifications, representations and warranties, or covenants reasonably deemed necessary or proper by the depositary or us for assurance of compliance with applicable U.S. or Icelandic laws. In addition, the depositary or we may require payment of a sum sufficient for the payment (or, if paid by the depositary or us, the reimbursement) of any tax or other governmental charge or any fee with respect to the issuance of any depositary receipts or the withdrawal or deposit of common stock pursuant to the Depositary Agreement.

For more information regarding withdrawal of common stock, see Sections 2.4 and 2.5 of the Depositary Agreement.

Changes Affecting the Common Stock

Upon any split-up, consolidation or any other reclassification of the common stock, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting us or to which we are a party or sale of all or substantially all of our assets, the depositary will treat any of our capital stock or other securities or property (including cash) that is received by the depositary in exchange for or in conversion of or in respect of the common stock as new deposited property under the Depositary Agreement, and depositary receipts then outstanding will represent the proportionate interests of holders thereof in the new deposited property so received in exchange for or in respect of such common stock. The depositary may, in its reasonable discretion, with our approval, execute and deliver additional depositary receipts, or may call for the surrender of all outstanding depositary receipts to be exchanged for new depositary receipts specifically describing such new deposited property.

Amendment of Depositary Agreement

We may amend the Depositary Agreement in any respect deemed necessary or desirable at any time by an agreement with Arion or any successor depositary. Each holder of an outstanding depositary receipt at the time an amendment becomes effective will be deemed to consent and agree to the amendment. No amendment may impair the right of any holder, subject to the existing provisions of the Depositary Agreement, to surrender depositary receipts as described above under "— Withdrawal of Common Stock Represented by Depositary Receipts" on page E-26, except in order to comply with mandatory provisions of applicable law. In addition, no amendment may adversely alter the depositary receipt holders' rights in the underlying common stock except through an amendment of our organizational documents.

CHANGES IN SHARE CAPITAL

The table below shows the changes in our share capital from January 1, 2004 to March 31, 2007.

Date	Transaction	Change in Number of Shares	Total Number of Shares Issued and Outstanding
January 1, 2004	Shares outstanding at beginning of year	—	21,130,839
	New shares issued in public stock offering(1)	9,000,000	30,130,839
	New shares issued upon conversion of Glencore Preferred Stock(2)	1,395,089	31,525,928
	New shares issued in 2004 under Equity Compensation Programs	512,369	32,038,297
December 31, 2004.	Change in number of shares outstanding during 2004	10,907,458	32,038,297
	New shares issued in 2005 under Equity Compensation Programs	149,868	32,188,165
December 31, 2005.	Change in number of shares outstanding during 2005	149,868	32,188,165
	New shares issued in 2006 under Equity Compensation Programs	269,505	32,457,670
December 31, 2006.	Change in number of shares outstanding during 2006	269,505	32,457,670
	New shares issued in first quarter of 2007 under Equity Compensation Programs	122,992	32,580,662
March 31, 2007(3)	Change in number of shares outstanding during the first quarter of 2007	122,992	32,580,662

Century holds no shares of common stock as treasury shares.

(1) In April 2004, we issued 9,000,000 shares of our common stock, at a price to the public of $24.50 per share, in a registered public offering. An additional 500,000 shares were sold by our pension plans. The net proceeds from the offering of shares by us were used for general corporate purposes, including acquisitions, plant expansions and repayment of indebtedness. We also used the net proceeds to purchase shares of Nordural hf.

(2) In May 2004, all of the outstanding shares of our convertible preferred stock were converted into shares of our common stock.

(3) At May 31, 2007 we had 32,611,320 shares of common stock issued and outstanding, representing 30,658 new shares issued subsequent to March 31, 2007 under Equity Compensation Programs.

Our existing stockholders who do not subscribe to this offering will experience an approximately 22.2 percent dilution in their ownership percentage in us.

SETTLEMENT AND DELIVERY

Investors took delivery of the depositary receipts through the Icelandic Securities Depository against payment therefor in U.S. dollars. The depositary receipts were delivered through the Icelandic Securities Depository on the settlement date, which was on or about June 13, 2007.

PLAN OF DISTRIBUTION

We have set forth a description of the plan of distribution of the shares of common stock that were offered pursuant to this prospectus, including shares represented by depositary receipts, under "Underwriters" on page S-73. Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, New York 10010, and Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036, are the Global Coordinators of this offering, and Kaupthing Bank hf., Borgartún 19, 105 Reykjavík, Iceland, Kaupthing Securities, Inc., 230 Park Avenue, New York, New York 10169 and Landsbanki Islands hf., Austurstræti 11, 155 Reykjavik, Iceland, are acting as Co-Managers. All sales of the 1,650,000 depositary receipts were made by the Icelandic Co-Managers.

Arion Custody Services hf., Armuli 13, 108 Reykjavik, Iceland, is acting as Depositary Agent, and Kaupthing Bank hf., Borgartún 19, 105 Reykjavík, Iceland, is acting as Paying Agent.

Allocations were determined at the discretion of the underwriters. The factors that the underwriters and we took into consideration when determining the allocation included the size of orders and the geographic distribution of investors. The depositary receipts were offered by the Icelandic Co-Managers through a bookbuilding process during which they found potential investors and solicited orders for the depositary receipts, which commenced on June 7, 2007, at 10:00 GMT and ended on or around June 7, 2007 after the closing of the NASDAQ Global Select Market. During this period, indicative orders were solicited from investors at a specific price in U.S. dollars or at market for a specified number of shares. No indicative orders were accepted after this period had finished. Kaupthing Bank hf.'s (tel: +354-444-7300) and Landsbanki Island hf.'s (tel: +354-410-7330) capital markets divisions took orders and managed the process. We retained the ability to shorten the bookbuilding period or cancel the bookbuilding process at any time, based on investor response. The offering in Iceland was only to institutional investors and there was not a retail tranche. The underwriters had the right to allocate according to their own discretion and suspend any subscriptions. The underwriters have notified those investors to whom an allotment was made and advised them of how payment for the depositary receipts shall be made.

The underwriters will notify those investors to whom an allotment is made and advise them of how payment for the depositary receipts shall be made. Upon acquiring the depository receipts, no fees related to the transaction will become payable by the investor to the Icelandic Co-Managers or to us.

In order to facilitate the offering, stabilization transactions may be effected at the direction of the stabilizing agent, Credit Suisse Securities (USA) LLC, on the NASDAQ Global Select Market, in over-the-counter markets or otherwise. No stabilization activities have taken place in Iceland. There is no assurance that any stabilization activities will be undertaken. Furthermore, any such stabilization activities may, if performed, be discontinued at any time without notice before the end of the stabilization period. Also, the performance of such activities may be resumed after having been discontinued and may be undertaken as often as is deemed necessary throughout the stabilization period.

Any stabilization activities will be conducted in accordance with the laws of the United States, as well as the rules of the exchanges on which these activities will be performed, and will be conducted outside Iceland. Except as required by law or regulation, the stabilizing agent does not intend to disclose the extent of any stabilization transactions under the offering.

Any shares of our common stock represented by depositary receipts offered and sold in Iceland were offered and sold solely by the Icelandic Co-Managers of this offering, Kaupthing Bank hf. and Landsbanki Islands hf., to institutional investors.

SUBSCRIPTIONS BY MANAGEMENT AND MAJOR SHAREHOLDERS

We understand that Glencore AG, or Glencore, has subscribed to a significant portion of this offering which is approximately proportional to its present ownership interest in us. For additional information regarding Glencore, see "Security Ownership of Certain Beneficial Owners" on page E-8 and "Certain Relationships and Related Transactions" on page S-51. We did not expect prior to the offering that members of our Board of Directors or management would subscribe to significant portions of the offering.

MARKET MAKING ON FIRST NORTH ICELAND

According to two separate agreements, Kaupthing Bank hf. and Landsbanki Islands hf., through their own accounts, shall each submit daily bids and ask on First North Iceland for a minimum of 3,000 depositary receipts on each side at a price determined by the market maker on any given occasion. The maximum spread between bids and offers may not exceed 1.5% and the difference from the last price paid may not exceed 3.0%. The market makers, Kaupthing Bank hf. and Landsbanki Islands hf., are each obliged to provide liquidity for up to ISK 150 million per day.

CERTAIN ICELANDIC TAX CONSIDERATIONS FOR ICELANDIC AND NON-ICELANDIC HOLDERS

The following is a discussion of certain Icelandic tax consequences of the ownership and disposition of depositary receipts representing shares of our common stock by Icelandic residents who are individuals or companies. The following discussion is based on provisions of existing Icelandic tax laws and administrative and judicial interpretations and tax treaties between the United States and Iceland, all as of the date of this prospectus, and all of which are subject to change, retroactively or prospectively. For example, the United States and Iceland have negotiated a new income tax treaty that is subject to final approval by both sides. The timing of any such approvals and the effective date of the new treaty are uncertain. Accordingly, the following discussion is based upon the provisions of the existing Iceland-United States income tax treaty but will be subject to change if and when the new treaty is adopted.

The following discussion assumes that gain from a sale of depositary receipts will be characterized as capital gains for Icelandic tax purposes. This conclusion, however, is not entirely free from doubt. Characterization of the income from the sale of depositary receipts as interest or operating income under Icelandic tax laws could result in significantly different tax consequences for holders who are subject to Icelandic taxation.

The following discussion insofar as it relates to the United States federal income tax consequences to a resident of Iceland is not applicable to a resident who has a permanent establishment in the United States if the depositary receipts are effectively connected with such permanent establishment. In that case, the income from the depositary receipts will be subject to regular U.S. income tax as if the resident of Iceland were a resident of the United States. Prospective holders who are residents of Iceland and who have a permanent establishment in the United States are urged to consult their tax advisors with respect to the particular United States tax consequences to them of owning and disposing of the depositary receipts.

PROSPECTIVE INVESTORS SHOULD CONTACT THEIR OWN TAX ADVISERS FOR TAX ADVICE.

Individual Holders

Icelandic tax residents

Cash dividends paid by Century are subject to U.S. taxation according to its relevant domestic rules at any given time. When paid to Icelandic individuals, the U.S. taxation is currently limited to no more than 15% of the gross payment according to the Icelandic-U.S. tax treaty. In Iceland, the Icelandic individual is also subject to tax on the dividend payment at the rate of 10%. However, Icelandic individuals can credit the US tax against the Icelandic tax resulting in no additional taxation in Iceland.

If an Icelandic individual sells depositary receipts and realizes a gain from the sale, then the capital gain will be subject to tax in Iceland at the rate of 10%. The U.S.-Icelandic tax treaty prevents possible taxation in the U.S. on such capital gains.

Non-Icelandic tax residents

Icelandic taxation of income from share capital of non-residents is limited to shareholding in Icelandic resident companies. Therefore, Iceland does not levy tax on dividends or capital gains on shares of Century, which is a U.S. tax resident.

Corporate Holders

Icelandic tax residents

Cash dividends paid by Century are subject to U.S. taxation according to its relevant domestic rules at any given time. When paid to Icelandic companies, the U.S. taxation is currently limited to no more than 15% of the gross payment according to the Icelandic-U.S. tax treaty unless the Icelandic company owns 10% or more of the outstanding capital of the company, in which case the limitation is 5%. In general, the 5% rate of withholding will apply to Icelandic companies who own 10% or more of the outstanding capital of the Company as long as not more than 25% of the gross income of the Company for the prior taxable year (if any) consists of interest or dividends (other than interest derived from the conduct of a banking, insurance, or financing business and dividends or interest received from subsidiary corporations, 50% or more of the outstanding shares of the voting stock of which is owned by the Company at the time such dividends or interest is received).

In Iceland, the Icelandic company is also subject to tax on the dividend payment at the rate of 18%. However, an amount corresponding to the received dividend is fully deductible from the income of an Icelandic company resulting in no effective taxation in Iceland.

If an Icelandic company sells depositary receipts and realizes a gain from the sale, then the capital gain is subject to tax in Iceland at the rate of 18% of the capital. Rollover deferral is available if reinvestment in shares is made within two years.

Non-Icelandic tax residents

Icelandic taxation of income from share capital of non-residents is limited to shareholding in Icelandic resident companies. Therefore, Iceland does not levy tax on dividends or capital gains on shares of Century, which are held by non-Icelandic tax residents.

MANAGEMENT

The members of our Board of Directors are: Craig A. Davis (Chairman of the Board), Jarl Berntzen, John P. O'Brien, Logan W. Kruger, Robert E. Fishman, Peter C. Jones, Jack E. Thompson, John C. Fontaine and Willy R. Strothotte.

Senior managers are persons who are relevant to establishing that we have the appropriate expertise and experience for the management of our business. Our senior managers are;

- Logan W. Kruger, President, Chief Executive Officer and Director,
- Michael A. Bless, Executive Vice President and Chief Financial Officer,
- Robert R. Nielsen, Executive Vice President, General Counsel and Secretary,
- Wayne R. Hale, Executive Vice President and Chief Operating Officer and
- Steve Schneider, Senior Vice President, Chief Accounting Officer and Controller.

In the past five years, none of our directors or executive officers have been (a) subject to any convictions in relation to fraudulent offences, (b) involved in bankruptcy, receivership or liquidation of a company where such director or executive officer was a member of the administrative, management or supervisory body, (c) subject to any official public incrimination and/or sanctions of such director or executive officer by statutory or regulatory authorities (including designated professional bodies), or (d) disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

ADDITIONAL INFORMATION

Documents on Display

This prospectus is published in Adobe Acrobat format on the websites of Kaupthing Bank hf. (*www.kaupthing.com)* and Landsbanki Íslands hf. (*www.landsbanki.is*). It is also available in Adobe Acrobat format in the Company News Services System provided by OMX Nordic Exchange (*http://omxgroup.com/nordicexchange)*.

For a period of twelve months from the publication of this prospectus, a hard copy of this prospectus, our restated certificate of incorporation, bylaws, annual financial statements as of December 31, 2006, 2005 and 2004 (our Annual Reports on Form 10-K, including the reports of the independent registered public accounting firm, Deloitte & Touche LLP, relating to our financial statements and our management's annual report on internal control over financial reporting) and our latest quarterly financial statements (our Quarterly Reports on Form 10-Q) can be obtained from our headquarters at 2511 Garden Road, Building A, Suite 200, Monterey, California 93940, United States, Kaupthing Bank hf. headquarters at Borgartún 19, Reykjavík, Iceland and Landsbanki Íslands hf. headquarters at Hafnarstræti 5, Reykjavík, Iceland.

Investors may also obtain additional information about Century Aluminum Company from the website *www.centuryaluminum.com.* The information included on the website is not, and should not be considered as, a part of this prospectus.

Major Shareholding Rules

United States securities laws require any person who acquires ownership of five percent or more of a public company's issued and outstanding common stock to file a Schedule 13D or 13G with the company and with the SEC within 10 days after reaching the five percent threshold. Schedule 13D requires certain information, including the identity of the purchaser, the source of funds used to make the purchase, and the purpose of, and any arrangements made with others in connection with, the purchase of the company's stock. Upon a material change in the facts set forth in the original Schedule 13D, including an acquisition or disposition of more than one percent of the company's securities, amendments to Schedule 13D must be promptly filed. Schedule 13G is an abbreviated disclosure statement available to certain stockholders, including non-institutional investors or passive investors with no intention of acquiring control of the company, who acquire no more than 20% of the outstanding shares of common stock of the company, and must be filed 45 days after the end of the calendar year in which the reporting person became obligated to report their holdings. Schedule 13G must be amended when an investor's holdings exceed 10 percent of the company's stock and every time thereafter an investor acquires or disposes of more than five percent of the company's stock.

Incorporation by reference

In the prospectus, we make several references, as required by the rules and regulations under the U.S. Securities Act of 1933, to documents that are "incorporated by reference." You are encouraged to access and review our periodic filings with the SEC as described in "Where You Can Find More Information" on page S-78 and "Information Incorporated by Reference" on page S-78. All of the information required by the Prospectus Directive, as defined below, is included in this prospectus. Other information which is incorporated by reference is duplicate or additional information that we provide under U.S. securities laws. Copies of these documents are available upon request from the underwriters.

Our purpose according to our certificate of incorporation

According to Article Third of our restated certificate of incorporation, our purpose is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

Properties

We own the property on which our Hawesville and Ravenswood facilities are located. The 220 acres upon which the Grundartangi facility is situated is leased from the Government of Iceland under a long-term lease that runs through 2020, renewable at our option. In addition, substantially all of Nordural's assets (including, but not limited to, all of Nordural's property, plant and equipment related to the smelter and the harbor area) are pledged as security for Nordural's obligations under its term loan facility. Our corporate offices are subject to an operating lease that expires in June 2010. We hold a 49.7% interest in a partnership which operates Mt. Holly and a 49.7% undivided interest in the property on which the Mt. Holly facility is located.

Principal Investments

Our only principal investment during the financial periods covered by the historical financial information included in this prospectus, up to the date of this prospectus, was our acquisition of Nordural in April 2004. We paid $184.9 million for the Nordural acquisition and assumed debt obligations of approximately $190.6 million in connection with the acquisition. We funded this acquisition, in part, with the net proceeds of our public offering of common stock in April 2004.

Employees

At December 31, 2004, we employed a work force of approximately 1,620 employees (including 200 employees in Iceland), consisting of 1,320 hourly employees and 300 salaried employees. At December 31, 2005, we employed a work force of approximately 1,750 employees (including 310 employees in Iceland), consisting of 1,460 hourly employees and 290 salaried employees.

At December 31, 2006, we employed a work force of approximately 1,850 (including 410 employees in Iceland), consisting of 1,530 hourly employees and 320 salaried employees. At March 31, 2007, we employed a work force of approximately 1,910 (including 470 employees in Iceland), consisting of 1,570 hourly employees and 340 salaried employees.

Information about the issuer of the depositary receipts

Arion Custody Service hf. was registered in 2002. Arion operates in accordance with Icelandic Act. No. 2/1995 on Public Limited Companies. Arion is registered with the Icelandic Register of Enterprises under Icelandic ID Number 470502-4520. Arion's registered office and headquarters is at Armuli 13, 108 Reykjavik, Iceland. Arion's phone number is +354-528-2800. Arion is fully owned by Kaupthing Bank hf.

Information about Icelandic law and regulations

The prospectus has been drafted in accordance with the relevant provisions of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "Prospectus Directive") and Regulation 809/2004 of 29 April 2004, implementing Directive 2003/71/EC of the European Parliament and the Council as regards information contained in prospectuses as well as the format, incorporation by references and publication of such prospectuses and dissemination of advertisements, which have been implemented into the EEA Agreement and implemented by national law. The depositary receipts will be listed on the First North Iceland and the offering is governed by the listing rules for that market. According to Article 34 a of the Stock Exchange Act, Chapters VIII (Price formation on a regulated market) and XI (Treatment of insider information and insider trading) of Act No. 33/2003 on securities transactions (Securities Act) applies to the trading of securities on First North Iceland. The provisions of the Securities Act on take-over bids and changes in the ownership of major holdings (flagging) do not apply to securities listed on First North Iceland as they are not listed on a regulated market.

Changes in financial position and trading position

Except for our repayment of $70 million of Nordural debt in April 2007 from available cash, in our opinion there has been no significant change in our financial position or trading position since March 31, 2007.

Exemption from the First North Rulebook

ICEX has granted us an exemption from the provisions of Section 4 of the First North Nordic — Rulebook (the "Rulebook"). Section 4 of the Rulebook requires certain continuing disclosure and information requirements for companies admitted to trading on First North. ICEX granted this exemption in recognition of our current U.S. reporting, disclosure and corporate governance requirements which are generally more extensive than those under Section 4 of the Rulebook. ICEX also granted this exemption in recognition of our status as a company with a demonstrated history of earnings and continuing operations. In addition, ICEX noted that our common shares are publicly traded on the Nasdaq Global Select Market (the Nasdaq market reserved for companies meeting the highest tier of financial listing requirements) and we are subject to the periodic reporting requirements of the SEC. This exemption was granted by ICEX on the condition that we will immediately provide to ICEX for publication all information that we publicly file with the SEC. Therefore, our SEC reports will be available through the First North Iceland news system (*http://omxgroup.com/firstnorth/market — news/*). In addition, we will be required to disclose insider trading pursuant to the Act on Securities Transactions No. 33/2003. ICEX granted this exemption under the exemption authority of Section 8.2 of the Rulebook.

Listing on the ICEX Main Market

Due to the potential application of certain provisions in the Act on Securities Transactions to us and our stockholders, we are currently not able to list the depositary receipts on the ICEX Main Market. We are aware of a pending legislative bill, which if enacted, could change the regulatory environment in a manner that would enable us to list the depositary receipts on the ICEX Main Market. It is our current intention to list the depositary receipts on the ICEX Main Market if such change were to occur.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 29, 2007

7,250,000 Shares

Century ALUMINUM

Common Stock

Century Aluminum Company is offering 7,250,000 shares of its common stock.

Our common stock trades on the NASDAQ Global Select Market® under the symbol "CENX." On June 7, 2007, the last reported sale price of our common stock was $53.07 per share. We have applied to list Global Depositary Receipts representing shares of our common stock from this offering to be offered and sold in Iceland on the First North Iceland market in Iceland.

Investing in our common stock involves risks. Before buying any of these shares you should carefully read the discussion of material risks of investing in our common stock in the section entitled "Risk Factors" beginning on page S-9 of this prospectus supplement.

We have granted the underwriters an option to purchase up to an additional 1,087,500 shares from us to cover over-allotments.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Century Aluminum Company
Per Share	$ 52.50	$ 2.5725	$ 49.9275
Total	$380,625,000	$18,650,625	$361,974,375

Delivery of the shares of common stock will be made on or about June 13, 2007.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Global Coordinators

Credit Suisse **Morgan Stanley**

Co-Managers

Kaupthing Bank hf. **Kaupthing Securities, Inc.** **Landsbanki Islands hf.**

The date of this prospectus supplement is June 7, 2007.

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Prospectus

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You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We are offering to sell and are seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date such information is presented regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of common stock.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under the shelf registration statement, we may offer and sell shares of our common stock described in the accompanying prospectus in one or more offerings. In this prospectus supplement, we provide you with specific information about the terms of this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing in our common stock. This prospectus supplement may also add, update and change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement.

This prospectus supplement and the accompanying prospectus incorporate important business and financial information about us that is not included in or delivered with this prospectus supplement and the accompanying prospectus. We will provide without charge to each person, including any beneficial owner, to whom a prospectus supplement and the accompanying prospectus are delivered, upon written or oral request of any such person, a copy of any or all of the information that we have incorporated by reference in this prospectus supplement and the accompanying prospectus but have not delivered with this prospectus supplement and the accompanying prospectus. You may request a copy of these filings and our restated certificate of incorporation and amended and restated bylaws, by writing or telephoning us at: Century Aluminum Company, 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, Attention: Corporate Secretary or (831) 642-9300.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. This summary may not contain all the information that you should consider before investing in our common stock. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the section entitled "Risk Factors" and the consolidated financial statements included in, and incorporated by reference into, this prospectus supplement and the accompanying prospectus, before making an investment decision. Except where we state otherwise, the information we present in this prospectus supplement assumes no exercise of the underwriters' option to purchase additional shares of our common stock. Unless the context indicates otherwise, references in this prospectus supplement to "Century Aluminum Company", "Century Aluminum," "Century," "we," "our" and "us" refer to Century Aluminum Company and its subsidiaries.

Century Aluminum Company

Overview

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange, or LME. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. We produced approximately 680,000 metric tons of primary aluminum in 2006 and recorded net sales of approximately $1.6 billion. In 2006 we more than doubled the capacity at our Grundartangi facility in Iceland from 90,000 metric tons per year, or "mtpy", at the time of our acquisition of the facility to 220,000 mtpy. Following such expansion, our total primary aluminum production capacity is currently 745,000 mtpy. With the ongoing further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy, our production capacity is scheduled to increase to 785,000 mtpy in the fourth quarter of 2007. In addition to our primary aluminum assets, we have 50 percent joint venture interests in an alumina refinery, located in Gramercy, Louisiana, and a related bauxite mining operation in Jamaica. The Gramercy refinery supplies substantially all of the alumina used for the production of primary aluminum at our Hawesville, Kentucky, primary aluminum facility.

Our Primary Aluminum Facilities:

Facility	Location	Operational	Total Capacity (mtpy)	Ownership
Grundartangi	Iceland	1998	220,000	100%
Hawesville	Kentucky, USA	1970	244,000	100%
Ravenswood	West Virginia, USA	1957	170,000	100%
Mt. Holly	South Carolina, USA	1980	224,000	49.7%

Our Bauxite and Alumina Facilities:

Facility	Location	Type	Total Capacity (mtpy)	Ownership
Gramercy	Louisiana, USA	Alumina Refinery	1.2 million	50%
St. Ann	Jamaica	Bauxite	4.5 million	50%

Recent Trends in the Primary Aluminum Industry

The primary aluminum industry has been experiencing a period of strong prices. Industry analysts generally believe these market conditions are based primarily on favorable global supply and demand fundamentals. Spot aluminum prices, as quoted on the LME, averaged $2,800 per metric ton in the first quarter of 2007 and remain well above historical long-term averages. Significant continuing demand growth in China and the generally favorable conditions in the global economy are believed by industry analysts to be the primary drivers of the robust market conditions.

In 2006, according to industry sources, global demand for primary aluminum increased approximately 8.0% while global supply grew by about 6.0%, resulting in a deficit of approximately 500,000 metric tons. In the first quarter of 2007, global supply exceeded demand by over 100,000 metric tons, in part due to restarts of idled capacity, principally in China, the United States and Europe. Current capacity utilization rates indicate that producers are operating at or near full capacity globally. In addition, industry experts believe there is little viable idled capacity left to be restarted. Aluminum inventories remain relatively lean on a historical basis, with producer and LME stocks representing 35 to 40 days of Western World consumption.

Competitive Strengths

Our key competitive strengths are:

- *Focus on Upstream Aluminum Business.* We operate principally in the production of primary aluminum. We also have a 50 percent joint venture interest in an alumina refinery and a related bauxite mining operation. By concentrating our activities in the upstream part of the aluminum industry, we are able to focus our resources on our existing operations, take advantage of growth opportunities, minimize overhead costs and avoid exposure to fluctuations in demand in any single end-use market.

- *Balanced Mix of Assets.* Our portfolio of assets is balanced between mature and growth-oriented operations. Our facilities in the U.S. and Jamaica require modest sustaining investment, operate productively and produce attractive returns in the current market environment. We operate a modern, globally competitive smelter in Grundartangi, Iceland. We have increased the Grundartangi facility's production capacity from 90,000 mtpy in 2004 (the time of our acquisition of Grundartangi) to 220,000 mtpy at year-end 2006 and expect to further expand production to 260,000 mtpy by year-end 2007. We intend to replicate the success of this project through the construction of a new smelter near Helguvik, Iceland.

- *Attractive Business Model in Iceland.* Grundartangi's operating model provides numerous competitive advantages. Our electrical power supply in Iceland is clean, renewable and globally competitive. Power pricing at Grundartangi is variable and is linked directly to the LME price for primary aluminum. This arrangement provides a natural hedge to the price of the commodity. Our tolling arrangements, under which we sell all of our production from Grundartangi, yield a number of benefits. Under these contracts, we process our customers' alumina into primary aluminum; for this service, we receive a fee linked to the LME price for primary aluminum. We thus bear no risk of the alumina market (which has historically been volatile), and require modest amounts of working capital to operate our business. The nature of these tolling agreements and limited number of customers under them allow us to reduce our sales and marketing costs.

- *Secure Power Supply.* Electricity is our single largest operating cost. Power pricing at Grundartangi, provided under long-term contracts which expire at various dates from 2019 through 2028, is variable and is linked directly to the LME price for primary aluminum. The power contracts for our U.S. facilities provide for primarily fixed-price power, subject to certain adjustments through June 2009.

- *Record of Successful Growth.* We have successfully and consistently grown our asset base. From the beginning of 2000 through the planned completion of the expansion at Grundartangi in the fourth quarter of 2007, our primary aluminum production capacity will have increased by 558,000 mtpy, representing a compound annual growth rate of approximately 19%. We have produced this growth through acquisitions as well as via the major expansion of existing facilities. We have funded this development through a combination of cash flow from existing operations, debt and equity financings.

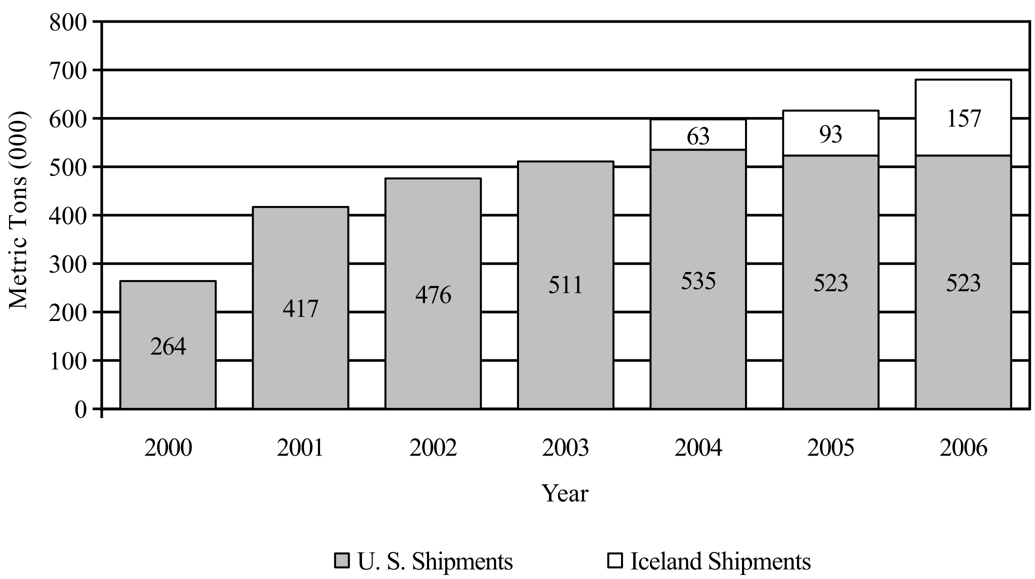
- *Relationship with Glencore.* We benefit from our business relationship with our largest shareholder, Glencore International AG, one of the world's largest suppliers of a wide range of commodities and raw materials to industrial consumers. Glencore has been an important business partner for us and has assisted in the execution of our growth strategy and our metal hedging program. In addition, Glencore has consistently been a major customer as well as a significant supplier of alumina. All of our commercial transactions with Glencore are entered into on terms which we believe are at market.

- *Experienced Management Team.* Members of our executive management team have significant experience in the aluminum industry, the broader metals and mining sector, the development of large and complex projects and the functional disciplines we require to manage and grow our business. In addition, the managers of our production facilities have substantial backgrounds and expertise in the technical and operational aspects of these plants.

Business Strategy

Our strategic objectives are to: (a) increase our primary aluminum business in Iceland by expanding our existing capacity and by building additional greenfield capacity; (b) diversify our geographic presence and expand our primary aluminum business by investing in or acquiring additional capacity in other favorable regions that offer attractive returns and lower our per unit production costs; and (c) pursue additional upstream opportunities in bauxite mining and alumina refining. The following table shows our primary aluminum shipment volumes since 2000.

Century Aluminum Primary Aluminum Shipments



To date, our growth activities have included:

- acquiring an additional 23% interest in Mt. Holly in April 2000;
- acquiring an 80% interest in Hawesville in April 2001;
- acquiring the remaining 20% interest in Hawesville in April 2003;
- acquiring the 90,000 mtpy Grundartangi facility in April 2004;
- acquiring a 50% joint venture interest in Gramercy, our first alumina refining facility, together with related bauxite mining assets, in October 2004; and
- an ongoing expansion of Grundartangi's production capacity to 260,000 mtpy of primary aluminum, which is scheduled for completion in the fourth quarter of 2007.

Recent Developments

Proposed Helguvik Smelter

We intend to use the net proceeds from the sale of our common stock in this offering primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. We will also need to arrange additional third-party debt for this project, in addition to using current cash flows. This smelter would be located approximately 30 miles from the city of Reykjavik and would be operated through our Nordural Helguvik subsidiary. The site is adjacent to a longstanding U.S. Department of Defense base, which was recently closed, causing the loss of 700 direct jobs and over 1,000 additional related jobs. This site provides a flat location and existing harbor, as well as proximity to the capital and other industry. To date, we have signed a harbor agreement, site agreement and an agreement to grant, as required, the necessary construction licenses and permits and terms regarding principles of taxation, with the Reykjanesbaer Municipal Council, the Gardur Municipal Council and the Reykjanes Harbour Board. In addition, we have signed contracts to purchase electrical energy from both of the major Icelandic geothermal power producers. The contracts are subject to the satisfaction of certain conditions, including approvals by the boards of directors of the power companies, environmental agency approval and the construction of the new facility. The first phase of construction is currently being planned based on the anticipated availability of up to 250 Mega Watts ("MW") of power in 2010, corresponding to a production capacity of about 150,000 mtpy. An additional 185 MW is expected to become available by 2015 which would allow us to increase the Helguvik project's capacity to approximately 250,000 mtpy. For additional information see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" on page S-26. Successful completion of the Helguvik project is subject to risks as described under "Risk Factors" on page S-9. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including capital expenditures. See "Use of Proceeds" on page S-19.

Grundartangi Expansion Schedule Accelerated

In April 2006, we announced an acceleration in the further expansion of our Grundartangi facility in Iceland from 220,000 mtpy to 260,000 mtpy. The construction of the expansion is expected to be completed in the fourth quarter of 2007. We had previously announced that Orkuveita Reykjavikur ("OR") had agreed to deliver the power for the additional expansion by late 2008. Landsvirkjun, Iceland's national power company, has agreed to deliver power for the additional capacity on an interim basis as available until power is available from OR in late 2008. If Landsvirkjun is not able to deliver power on a short-term basis, we will need to enter into alternative arrangements for provision of power. On April 30, 2007, Grundartangi and Glencore entered into a toll conversion agreement for the additional 40,000 mtpy of expansion capacity which commences when the expansion capacity is operational.

Republic of Congo Aluminum Venture Memorandum of Understanding Signed

In February 2007, we signed a Memorandum of Understanding ("MOU") with the Republic of Congo ("ROC") in West Africa in connection with the exclusive right granted to us to develop an integrated aluminum business in the ROC consisting of an aluminum smelter, an alumina refinery and a bauxite mine. The project contemplated by the MOU is in the early stages of feasibility study and review and is subject to the results of that study and review, the negotiation of definitive contracts, and the satisfaction of various conditions.

The ROC port area of Pointe-Noire has been identified as a potential site for the aluminum smelter and alumina refinery. The location of the bauxite mine is dependent upon a future assessment and mapping of the ROC bauxite reserves. The project contemplated by the MOU is based on the Government of ROC assisting us to secure the provision of a minimum annual commitment of 500 MW of gas-generated electrical energy to the facility.

For additional information on our recent developments see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" on page S-26.

Risk Factors

An investment in our common stock involves various risks. You should carefully consider the matters discussed under the section entitled “Risk Factors” commencing on page S-9 of this prospectus supplement and the risk factors incorporated by reference, as the same may be updated or supplemented by our future filings with the SEC that are incorporated by reference into this prospectus supplement, before making any investment in our common stock. Some statements contained in this prospectus supplement, the accompanying prospectus or in documents incorporated by reference herein or therein are “forward-looking statements.” You should not place undue reliance on forward-looking statements because they are subject to a variety of risks that may cause material differences between our actual and anticipated results, performance or achievements. See “Forward-Looking Statements” on page S-18.

Other Information

We are a corporation organized under the laws of the State of Delaware in 1981. Our principal executive offices are located at 2511 Garden Road, Building A, Suite 200, Monterey, California 93940. Our telephone number at that address is (831) 642-9300. You may also obtain additional information about us from our website, which is located at *www.centuryaluminum.com.* The information included on our website is not, and should not be considered as, a part of this prospectus supplement or the accompanying prospectus.

THE OFFERING

Common stock offered by us	7,250,000 shares
Common stock outstanding prior to completion of the offering	32,611,320 shares(1)
Common stock to be outstanding after the offering	39,861,320 shares(1)
Underwriters' over-allotment option	1,087,500 shares
Common stock to be outstanding after this offering, assuming exercise of the underwriters' over-allotment option in full	40,948,820 shares(1)
Use of proceeds	We expect to receive approximately $360.1 million in net proceeds (after underwriting discounts and commissions of approximately $18.7 million and offering expenses of approximately $1.9 million from this offering), or approximately $416.3 million if the underwriters exercise their over-allotment option in full. We intend to use the net proceeds from the sale of our common stock under this prospectus supplement primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. Successful completion of the Helguvik project is subject to various risks described under "Risk Factors" on page S-9. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including other capital expenditures. From time to time, we evaluate the possibility of acquiring businesses and additional production facilities, and we may use a portion of the proceeds as consideration for such acquisitions. Until we use the net proceeds for these purposes, we expect to use them primarily to reduce debt or invest them in interest-bearing securities, in particular, we intend to repay all or a substantial portion of our Nordural subsidiary's term loan, subject to obtaining reasonable assurance that we will be able to secure borrowing capacity for the Helguvik project. See "Use of Proceeds" on page S-19.
Nasdaq Global Select Market Symbol	"CENX"

(1) Based on shares of common stock outstanding as of May 31, 2007. This number excludes approximately 414,000 shares of our common stock issuable upon exercise of outstanding stock options under our stock option plans and approximately 520,000 shares of our common stock reserved for future issuance under our stock option plans and unvested shares of restricted stock.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following selected financial data for the three years ended December 31, 2006 are derived from the audited consolidated financial statements of Century Aluminum Company. The financial data for the three months ended March 31, 2007 and 2006 are derived from our unaudited consolidated financial statements. The unaudited financial statements include all adjustments, which are of a normal and recurring nature, which we consider necessary for a fair presentation of the financial position and the results of operations for these periods.

Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2007. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information incorporated by reference herein.

Our selected historical results of operations include: the results of operations from Nordural since we acquired it in April 2004; our equity in the earnings of our joint venture investments in Gramercy and St. Ann since we acquired an interest in those companies in October 2004; and the results of operations from our 130,000 mtpy expansion of Grundartangi which became fully operational in the fourth quarter of 2006.

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006(1)	2006(2)	2005(3)	2004(4)
	(Unaudited)				
	(In thousands, except per share and per pound data)				
Net sales	$ 447,657	$ 346,946	$1,558,566	$1,132,362	$1,060,747
Gross profit	110,652	76,468	348,522	161,677	185,287
Operating income	97,685	64,349	309,159	126,904	160,371
Net income (loss)	64,249	(141,571)	(40,955)	(116,255)	33,482
Earnings (loss) per share:					
Basic:	$ 1.98	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14
Diluted:	$ 1.87	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14
Total assets	$2,247,946	$1,883,066	$2,185,234	$1,677,431	$1,332,553
Total debt(5)	772,602	727,789	772,251	671,901	524,108
Long-term debt(6)	575,176	528,887	559,331	488,505	330,711
Net cash flow from operating activities	98,118	16,039	185,353	134,936	105,828
Other information:					
Shipments — Primary aluminum:					
Direct shipment pounds (000)	290,057	291,843	1,152,617	1,153,731	1,179,824
Toll shipment pounds (000)(7)	116,968	54,177	346,390	203,967	138,248
Average LME per pound	$ 1.27	$ 1.10	$ 1.166	$ 0.861	$ 0.778
Average Midwest premium per pound	$ 0.032	$ 0.055	$ 0.055	$ 0.056	$ 0.068
Average realized price per pound:					
Direct shipments	$ 1.15	$ 1.03	$ 1.09	$ 0.86	$ 0.83
Toll shipments	$ 0.98	$ 0.83	$ 0.88	$ 0.67	$ 0.62

(1) Net income (loss) includes an after-tax charge of $183.5 million, or $5.54 per diluted share for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(2) Net income (loss) includes an after-tax charge of $241.7 million, or $7.19 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting and a gain on the sale of surplus land.

(3) Net income (loss) includes an after-tax charge of $198.2 million, or $6.15 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(4) Net income (loss) includes an after-tax charge of $30.4 million, or $1.06 per diluted share, for a loss on early extinguishment of debt. See Note 5 in the Audited Consolidated Financial Statements included herein.

(5) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, including the current portion of our long-term debt, industrial revenue bonds and 1.75% convertible senior notes. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(6) Long-term debt includes all payment obligations under long-term borrowing arrangements, excluding the current portion of long-term debt. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(7) Grundartangi completed a 130,000 mtpy capacity expansion in the fourth quarter of 2006.

RISK FACTORS

Investment in the common stock offered pursuant to this prospectus supplement and the accompanying prospectus involves risks. In addition to the information presented in this prospectus supplement and the accompanying prospectus and the risk factors in our most recent Annual Report on Form 10-K and our other filings with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus, you should consider carefully the following risks before deciding to purchase our common stock.

The following describes certain of the risks and uncertainties we face that could cause our future results to differ materially from our current results and from those anticipated in our forward-looking statements. These risk factors should be considered together with the other risks and uncertainties described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page S-25 and elsewhere herein.

Risks Relating to Our Business

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows; our hedging transactions may limit our ability to benefit from increased aluminum prices which are currently near historical highs.

Our operating results depend on the market for primary aluminum, which is a highly cyclical commodity with prices that are affected by global demand and supply factors and other conditions. Historically, aluminum prices have been volatile and we expect such volatility to continue. Currently, aluminum prices are near historical highs. These prices are driven, in part, by global demand for aluminum arising from favorable global economic conditions and strong demand in China. Although we use contractual arrangements to manage our exposure to fluctuations in the commodity price, a decline in primary aluminum prices would reduce our earnings and cash flows. Any significant downturn in prices for primary aluminum would significantly reduce the amount of cash available to meet our current obligations and fund our long-term business strategies and may force the curtailment of all or a portion of our operations at one or more of our smelters.

Conversely, as prices for aluminum increase, certain of our hedging transactions, including our forward sales of primary aluminum and our LME-based alumina and power contracts, limit our ability to take advantage of these increased prices.

We sell molten aluminum to the major customers of Ravenswood and Hawesville; the loss of one of these major customers would increase our production costs at those facilities and could increase our sales and marketing costs.

Approximately 53% of our consolidated net sales for 2006 was derived from sales to Alcan and Southwire. Alcan's facility is located adjacent to Ravenswood and Southwire's facility is located adjacent to Hawesville. Due to this proximity, we are able to deliver molten aluminum to these customers, thereby eliminating our casting and shipping costs and our customers' freight and remelting costs and reducing our sales and marketing costs. Century has contracts with Alcan and Southwire which are due to expire in July 2007 and March 2011, respectively. We may be unable to extend or replace these contracts when they terminate. If we are unable to renew these contracts when they expire, or if either customer significantly reduces its purchases under those contracts, we would incur higher casting and shipping costs and potentially higher sales and marketing costs.

A material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk.

We benefit from our relationship with Glencore, our largest shareholder. We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because

Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk, which could impact our results of operations.

Losses caused by disruptions in the supply of power would reduce the profitability of our operations.

We use large amounts of electricity to produce primary aluminum. Any loss of power which reduces the amperage to our equipment or causes an equipment shutdown would result in a reduction in the volume of molten aluminum produced and may result in the hardening or "freezing" of molten aluminum in the pots where it is produced. Interruptions in the supply of electrical power to our facilities can be caused by a number of circumstances, including unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. If such a condition were to occur, we may lose production for a prolonged period of time and incur significant losses. We maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, but are required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand. Certain losses or prolonged interruptions in our operations may trigger a default under our revolving credit facility.

The cost of alumina used at Hawesville may be higher than under our LME-based alumina contracts.

We acquire alumina used at Ravenswood and Mt. Holly at prices based on the LME price for primary aluminum. Gramercy supplies all of the alumina used at Hawesville at prices based on Gramercy's production costs. Those production costs could be materially higher than the price paid under LME-based contracts during periods when aluminum prices are low and raw material costs used in the production of alumina, such as natural gas, are high.

Changes or disruptions to our current alumina and other raw material supply arrangements could increase our raw material costs.

We depend on a limited number of suppliers for alumina, the principal raw material used to produce primary aluminum. Disruptions to our supply of alumina could occur for a variety of reasons, including disruptions of production at a particular supplier's alumina refinery. These disruptions may require Century to purchase alumina on the spot market on less favorable terms than under our current agreements.

Gramercy supplies substantially all the alumina used at Hawesville. Our joint venture bauxite mining operation in St. Ann, Jamaica supplies all of the bauxite used in the production of alumina at Gramercy. If there is a significant disruption of St. Ann bauxite shipments in the future, Gramercy could incur additional costs if it is required to use bauxite from other sources. For example, in the fourth quarter of 2006, a disruption in our Gramercy power supply increased our costs as we replaced Gramercy – supplied alumina with more expensive spot market.

Our business also depends upon the adequate supply of other raw materials, including caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes, at competitive prices. Although there remain multiple sources for these raw materials worldwide, consolidation among certain North American suppliers has reduced the number of available suppliers in this industry. A disruption in our raw materials supply from our existing suppliers due to a labor dispute, shortage of their raw materials or other unforeseen factors may adversely affect our operating results if we are unable to secure alternate supplies of these materials at comparable prices.

Changes in the relative cost and availability of certain raw materials and energy compared to the price of primary aluminum could affect our operating results.

Our operating results vary significantly with changes in the price of primary aluminum and the raw materials used in its production, including alumina, caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes. Because we sell our products based on the LME price for primary aluminum, we cannot pass on increased costs to our customers. Although we attempt to mitigate the effects of price fluctuations through the use of various fixed-price commitments and financial instruments and by pricing some of our raw materials and energy contracts based on LME prices, these efforts also limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. In addition, because we have sold forward a certain amount of our production capacity in future years, rising raw material and energy prices would negatively impact our earnings and cash flow.

Electricity represents our single largest operating cost. As a result, the availability of electricity at economic prices is critical to the profitability of our operations. We purchase virtually all of our electricity for our U.S. facilities under fixed-price contracts through 2007. At Mt. Holly, portions of the contracted cost of the electricity supplied to Mt. Holly vary with the supplier's fuel costs. An increase in these fuel costs would increase the price this facility pays for electricity. Hawesville has unpriced power requirements of approximately 27% of its power requirements from 2008 through 2010. The profitability of Hawesville could be adversely affected if we are unable to obtain power for the unpriced portions of Hawesville's power requirements at economic rates. We are currently reviewing our options for pricing power in 2008 through 2010 at Hawesville. We are working with a local power company on a proposal that would restructure and extend Hawesville's existing power supply contract through 2023. If we are not successful at replacing such power requirements, we may be forced to curtail or idle a portion of our production capacity, which would lower our revenues and adversely affect the profitability of our operations. At Ravenswood, power prices have some variability based upon the LME price for primary aluminum and are subject to possible adjustments in the published tariff. For instance, on May 31, 2007, an agreement was reached in a tariff rate case pending before the West Virginia Public Service Commission, or PSC, which, if approved by the PSC, would be effective July 1, 2007 and would increase the special contract rate for Ravenswood by approximately 10%. Other possible future rate cases could lead to a further increase in the price that Ravenswood pays for electricity and thereby decrease profit margins. We need to obtain additional electricity for our expansions in Iceland where we have entered into MOUs or contracts. If we are unable to finalize these, we will need to seek alternative sources of electricity, which could increase our costs.

Unexpected events, including natural disasters, may increase our cost of doing business or disrupt our operations.

Unexpected events, including fires or explosions at our facilities, natural disasters, such as hurricanes, unplanned power outages, supply disruptions, or equipment failures, may increase our cost of doing business or otherwise disrupt our operations.

We are subject to the risk of union disputes.

The bargaining unit employees at Ravenswood and Hawesville and at the Gramercy refinery are represented by the United Steelworkers of America ("USWA"). Century's USWA labor contracts at Hawesville and Ravenswood and the labor contract at Gramercy expire in March 2010, May 2009, and September 2010, respectively. Our bargaining unit employees at Grundartangi are represented by five unions under a collective bargaining agreement that expires on December 31, 2009.

If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As a result of a threatened strike in July 2006, we commenced an orderly shut down of one of the four potlines at Ravenswood. Although the notice to strike was rescinded after we reached agreement with the USWA on a new labor contract, our production at Ravenswood was curtailed while we restarted the potline. Any threatened or actual work stoppage in the future could prevent or significantly impair our ability to conduct production operations at our unionized facilities, which could have a material adverse effect on our financial results.

We are subject to a variety of environmental laws that could result in costs or liabilities.

We are obligated to comply with various federal, state and other environmental laws and regulations, including the environmental laws and regulations of the United States, Iceland, the European Union ("EU") and Jamaica. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. In addition, we are currently and may in the future be responsible for the cleanup of contamination at some of our current and former facilities or for the amelioration of damage to natural resources.

We, along with others, including current and former owners of a facility on St. Croix in the Virgin Islands, formerly owned by a subsidiary of ours, have been sued for alleged natural resources damages at the facility. In addition, in December 2006, we and the company that purchased the assets of our St. Croix facility in 1995 were sued by the Commissioner of the U.S. Virgin Islands Department of Planning and Natural Resources alleging our failure to take certain actions specified in a Virgin Islands Coastal Zone management permit issued to our subsidiary, Virgin Island Alumina Corporation LLC, in October 1994. Also, in July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. Our known liabilities with respect to these and other matters relating to environmental compliance and cleanup, based on current information, are not expected to be material. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered or alleged, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may be material and could affect our liquidity and our operating results. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire in the future. In addition, overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than current or projected expenditures and costs.

Acquisitions may present difficulties.

We have a history of making acquisitions and we expect to make acquisitions in the future. We are subject to numerous risks as a result of our acquisitions, including the following:

- it may be challenging for us to manage our existing business as we integrate acquired operations;
- we may not achieve the anticipated benefits from our acquisitions; and
- management of acquisitions will require continued development of financial controls and information systems, which may prove to be expensive, time-consuming, and difficult to maintain.

Accordingly, our past or future acquisitions might not ultimately improve our competitive position and business prospects as anticipated.

International operations expose us to political, regulatory, currency and other related risks.

Grundartangi, in Iceland, was our first facility located outside of the United States. Following completion of the ongoing expansion at that facility, it will represent approximately 33% of our overall primary aluminum production capacity. We also intend to construct a greenfield aluminum smelter near Helguvik, Iceland and are exploring opportunities in other countries. The St. Ann bauxite operations related to the Gramercy plant are located in Jamaica. We are considering the development of greenfield upstream aluminum projects in several foreign countries, including the Republic of Congo and Jamaica. We may in the future consider other investments in other foreign countries. International operations expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased cost to adapt our systems and practices to those used in foreign countries, export duties, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws. In addition, we may be exposed to fluctuations in currency exchange rates and, as a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. For example, Nordural's revenues are denominated in U.S. dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. In addition, a majority of our costs in connection with the ongoing expansion of the Grundartangi facility are denominated in currencies other than the U.S. dollar. As we continue to expand the Grundartangi facility, construct the Helguvik facility and explore other opportunities, our currency risk with respect to the Icelandic krona and other foreign currencies will significantly increase.

Our historical financial information may not be comparable to our results for future periods.

Our historical financial information is not necessarily indicative of our future results of operations, financial position and cash flows. For example, certain of our historical financial data do not reflect the effects of:

- our acquisition of Nordural prior to April 27, 2004;
- the equity in the earnings of our joint ventures prior to October 1, 2004; and
- the 130,000 mtpy expansion capacity of Grundartangi that was completed in the fourth quarter of 2006.

Our high level of indebtedness requires significant cash flow to meet our debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits our ability to pursue our growth strategy.

We are highly leveraged. We had an aggregate of approximately $773 million of outstanding indebtedness as of March 31, 2007. In addition, we could borrow additional amounts under our $100 million credit facility, and we expect to incur additional indebtedness to finance the Helguvik project. The level of our indebtedness could have important consequences, including:

- limiting cash flow available for capital expenditures, acquisitions, dividends, working capital and other general corporate purposes because a substantial portion of our cash flow from operations must be dedicated to servicing our debt;
- increasing our vulnerability to adverse economic and industry conditions; and
- limiting our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate.

We will be required to settle in cash up to the principal amount of our $175 million convertible notes (which are convertible by the holder at any time) upon conversion, which could increase our debt service obligations. In addition to our indebtedness, we have liabilities and other obligations which could reduce cash available for other purposes and could limit our ability to pursue our growth strategy. More information about our liquidity and debt service obligations is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" on page S-37.

We are also exposed to risks of interest rate increases. We had approximately $341 million of debt with variable interest rates at March 31, 2007, of which, at March 31, 2007, approximately $332 million were borrowings under Nordural's $365 million senior term loan facility. At April 30, 2007, Nordural had borrowings under its senior term loan facility of approximately $262 million. Nordural's annual debt service requirements will vary, as amounts outstanding under its term loan facility bear interest at a variable rate.

Our ability to pay interest and to repay or refinance our indebtedness, including Nordural's senior term loan facility, our senior unsecured notes and convertible notes, and to satisfy other commitments, including funding the ongoing Grundartangi expansion, will depend upon our future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors, including market prices for primary aluminum, that are beyond our control. Accordingly, there is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay debt service obligations or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our indebtedness or seek additional equity capital. There can be no assurance that we would be able to accomplish those actions on satisfactory terms.

Restrictive covenants in our credit facility and the indenture governing our senior notes limit our ability to incur additional debt and pursue our growth strategy.

Our revolving credit facility and the indenture governing our senior unsecured notes each contain various covenants that restrict the way we conduct our business and limit our ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, which may impair our ability to pursue our growth strategy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations" on page S-39. Any failure to comply with those covenants may constitute a breach under the revolving credit facility or the indenture governing the notes, which may result in the acceleration of all or a substantial portion of our outstanding indebtedness and termination of commitments under our revolving credit facility. If our indebtedness is accelerated, we may be unable to repay the required amounts and our secured lenders could foreclose on any collateral securing our secured debt.

Substantially all of Nordural's assets are pledged as security under its term loan facility. In addition, the shares of Nordural have been pledged to the lenders as collateral. If Nordural is unable to comply with the covenants in its term loan, the lenders would be able to cause all or part of the amounts outstanding under the loan facility to be immediately due and payable and foreclose on any collateral securing the loan facility. The term loan facility also contains restrictions on Nordural's ability to pay dividends, including a requirement that Nordural make a repayment of principal in an amount equal to 50% of any dividend paid to shareholders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" on page S-37.

Further metals industry consolidation could provide competitive advantages to our competitors.

The metals industry has experienced consolidation over the past several years and there may be more consolidation transactions in the future. Consolidation by our competitors may enhance their capacity and their access to resources, lower their cost structure and put us at a competitive disadvantage. Continued consolidation may limit our ability to implement our strategic objectives effectively. We cannot reliably predict the impact on us of further consolidation in the aluminum industry.

The Helguvik project is subject to certain conditions and risks. If we do not proceed with this project, we would have broad discretion in deciding how to use the proceeds from this offering which were allocated for the Helguvik project.

We are not obligated to use the proceeds to us from this offering for any particular purpose. Accordingly, we will have considerable discretion in the application of the net proceeds.

We intend to use the net proceeds from this offering primarily as part of the funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. This project is subject to various Icelandic regulatory and other approvals and conditions. Recently, there has been increasing opposition among some voters in Iceland to the construction of new aluminum smelters and the further development of heavy industry in general. In March 2007, a local referendum in another area of Iceland resulted in the disapproval of a smelter expansion project proposed by another primary aluminum producer for the municipality in which the referendum was held. There can be no assurance that we will receive the necessary approvals to proceed with construction of our Helguvik smelter, on a timely basis or at all. In addition, such approvals as we do receive may be subject to conditions that are unfavorable or make the project impracticable or less attractive from a financial standpoint. Even if we receive necessary approvals on terms that we determine are acceptable, the construction of this project is a complex undertaking. There can be no assurance that we will be able to complete the project within our projected budget and schedule. In addition, unforeseen technical difficulties could increase the cost of the project, delay the project or render the project not feasible. Any delay in the completion of the project or increased costs could have a material negative impact on our financial performance and future prospects. To successfully execute this project, we will also need to arrange additional financing and either enter into tolling arrangements or secure a supply of alumina.

If we do not use the proceeds from this offering to finance a portion of the Helguvik project, we would seek to direct such proceeds to a financially attractive alternative use; however, there is no assurance that we would be able to find financially attractive alternative investments. The net proceeds may be used for corporate purposes that ultimately do not improve our operating results or market value, and you will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the proceeds. See "Use of Proceeds" on page S-19.

If we are unable to procure a reliable source of power, the proposed Helguvik project would not be feasible.

Our proposed greenfield smelter near Helguvik, Iceland will require generation and transmission of geothermally-generated electricity to power the smelter. Our wholly-owned Iceland subsidiary, Nordural Helguvik sf, has entered into agreements with two providers of geothermal power in Iceland for a substantial portion of this power. These two power company agreements are subject to certain conditions, some of which are not expected to be satisfied until the second quarter of 2008. These conditions include approvals by the boards of directors of the power companies, as well as environmental agency approvals. Additionally, Nordural Helguvik is in the process of finalizing with Iceland's transmission company an agreement to transmit the power to the new smelter. Conclusion of this power-transmission agreement will require consent of the municipalities affected by the transmission of the power. Generation of the electrical power contracted for the Helguvik smelter will require successful development of new geothermal energy sources within designated areas in Iceland. If there are construction delays or technical difficulties in developing these new geothermal fields, power may be delayed or may not be available. Factors which could delay or impede the generation and delivery of electric power are substantially beyond our ability to control, influence or predict.

Reductions in the duty on primary aluminum imports into the European Union decrease our revenues at Grundartangi.

Grundartangi's tolling revenues include a premium based on the EU import duty for primary aluminum. In May 2007, the EU members reduced the import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi's revenues and further decreases would also have a negative impact on Grundartangi's revenues.

Risks Associated with Our Common Stock and this Offering

We depend upon dividends from our subsidiaries to meet our debt service obligations.

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of dividends from our subsidiaries. Nordural's senior term loan facility places significant limitations on Nordural's ability to pay dividends. Subject to the restrictions contained in our revolving credit facility and the indentures governing our senior and convertible notes, future borrowings by our subsidiaries could contain restrictions or prohibitions on the payment of dividends by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock.

The price of our common stock has fluctuated significantly.

The market price of our common stock has experienced significant volatility from time to time, and this volatility may continue in the future. From January 1, 2006, through June 7, 2007, the intra-day sales price of our common stock on NASDAQ ranged from $26.14 to $58.60 per share. In addition, the securities markets have experienced significant price and volume fluctuations. The market price for our common stock may be affected by a number of factors, including actual or anticipated variations in our quarterly results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, changes in research coverage by securities analysts, any announcement by us of significant acquisitions, strategic partnerships, joint ventures or capital commitments, developments in the aluminum industry, including with respect to our major competitors, and sales of substantial numbers of shares by current holders of our common stock in the public market. In addition, general economic, political and market conditions and other factors unrelated to our operating performance may cause the market price of our common stock to be volatile.

Provisions in our charter documents and state law may make it difficult for others to obtain control of Century Aluminum, even though some stockholders may consider them to be beneficial.

Certain provisions of our restated certificate of incorporation and amended and restated bylaws, as well as provisions of the Delaware General Corporation Law, may have the effect of delaying, deferring or preventing a change in control of Century, including transactions in which our stockholders might otherwise have received a substantial premium for their shares over then-current market prices. For example, these provisions:

- give authority to our board of directors to issue preferred stock and to determine the price, rights, preferences, privileges and restrictions of the shares of preferred stock without any stockholder vote;

- provide, under our charter documents, for a board of directors consisting of three classes, each of which serves for a different three-year term;

- require stockholders to give advance notice prior to submitting proposals for consideration at stockholders' meetings or to nominate persons for election as directors; and

- restrict, under our charter documents, certain business combinations between us and any person who beneficially owns 10% or more of our outstanding voting stock.

In addition, several of our officers have entered into employment and severance compensation agreements that provide for cash payments, immediate vesting of stock options and performance shares and acceleration of other benefits under certain circumstances, including a change in control of Century. Our 1996 Stock Incentive Plan, as amended, also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change in control, and our Non-Employee Directors' Stock Option Plan provides for acceleration of an option holder's ability to exercise stock options upon a change in control.

Investors in this offering will experience immediate and substantial dilution.

The market price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately after the completion of this offering. Therefore, if you purchase our common stock in this offering, you will incur immediate dilution of $38.92 in net tangible book value per share from the price you paid. In the past, we have issued options to acquire common stock at prices significantly below the public offering price. To the extent these outstanding options are exercised, there will be further dilution to investors.

Possible future sales of our shares by Glencore could adversely affect the market for our stock.

According to its filings with the SEC, Glencore holds approximately 28.6% of our common stock and we understand Glencore has subscribed to approximately that percentage of the shares of our common stock offered by this prospectus supplement (including shares subject to the underwriters' over-allotment option). Although Glencore has entered into a lockup agreement with the underwriters, as described under "Underwriters" on page S-73, once the lockup period of 90 days has expired, Glencore may sell its shares of our common stock in compliance with applicable laws. Although we can make no prediction as to the effect, if any, that such sales would have on the market price of our common stock, sales of substantial amounts of our common stock, or the perception that such sales could occur, could adversely affect the market price of our common stock.

Our management will have broad discretion over the use of the net proceeds from this offering and may invest or spend the net proceeds of this offering in ways with which you disagree.

Our management will have broad discretion in the application of the net proceeds we receive from this offering. Management's failure to apply these funds effectively could impair our ability to execute our business plan and the value of your investment. In addition, our stock price may fall if the investment community does not view our use of the proceeds from this offering favorably.

This list of significant risk factors is not necessarily in order of importance.

FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements. We have based these forward-looking statements on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as "expects," "anticipates," "plans," "believes," "projects," "estimates," "intends," "should," "could," "would," "will," "scheduled," "potential" and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those outlined in our SEC filings incorporated by reference and those outlined in this document under the captions "Risk Factors" on page S-9 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page S-25, as well as the following:

- The cyclical nature of the aluminum industry causes variability in our earnings and cash flows;
- The loss of a customer to whom we deliver molten aluminum would increase our production costs and potentially our sales and marketing costs;
- Glencore owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;
- We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk;
- We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to one or more of our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;
- Due to volatile prices for alumina and electricity, the principal cost components of primary aluminum production, our production costs could be materially impacted if we experience changes to or disruptions in our current alumina or power supply arrangements, production costs at our alumina refining operation increase significantly, or if we are unable to obtain economic replacement contracts for our alumina supply or power as those contracts expire;
- By expanding our geographic presence and diversifying our operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, we are exposed to new risks and uncertainties that could adversely affect the overall profitability of our business;
- Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our margins;
- Most of our employees are unionized and any labor dispute could materially impair our ability to conduct our production operations at our unionized facilities;
- We are subject to a variety of existing environmental laws that could result in unanticipated costs or liabilities and our planned environmental spending over the next three years may be inadequate to meet our requirements;
- We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire;
- We cannot guarantee that our subsidiary Nordural will be able to complete its planned expansion of the Grundartangi facility from 220,000 mtpy to 260,000 mtpy in the time forecast or without cost overruns; and
- Our high level of indebtedness reduces cash available for other purposes and limits our ability to incur additional debt and pursue our growth strategy.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date of this prospectus supplement. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations and you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks described herein under the headings "Risk Factors" on page S-9 and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page S-25 and in our other SEC filings should be considered when reading any forward-looking statements in this document.

MARKET AND INDUSTRY DATA

We obtained the market data included or incorporated by reference in this prospectus supplement and accompanying prospectus from our own research and from surveys or studies conducted by third parties and cited in industry or general publications, including studies prepared by CRU International Inc., an internationally recognized research firm which collects and analyzes data about the aluminum industry. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified such data and do not make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable but it has not been verified by any independent sources.

USE OF PROCEEDS

We expect to receive approximately $360.1 million in net proceeds (after underwriting discounts and commissions of approximately $18.7 and offering expenses of approximately $1,875,000 from this offering), or approximately $416.3 million if the underwriters exercise their over-allotment option in full.

We intend to use the net proceeds from the sale of our common stock under this prospectus supplement primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. Successful completion of the Helguvik project is subject to various risks described herein under "Risk Factors" on page S-9. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including other capital expenditures. From time to time, we evaluate the possibility of acquiring businesses and additional production facilities, and we may use a portion of the proceeds as consideration for such acquisitions. Until we use the net proceeds for these purposes, we expect to use them primarily to reduce debt or invest them in interest-bearing securities, in particular, we intend to repay all or a substantial portion of our Nordural subsidiary's term loan, subject to obtaining reasonable assurance that we will be able to secure borrowing capacity for the Helguvik project.

PRICE RANGE OF COMMON STOCK

Our common stock is listed on the Nasdaq Global Select Market, under the symbol "CENX." The following table sets forth for the periods indicated the high and low sale prices per share of our common stock as reported by the Nasdaq Global Select Market.

	2007		2006		2005	
Year	High Sales Price	Low Sales Price	High Sales Price	Low Sales Price	High Sales Price	Low Sales Price
First quarter	$49.83	$38.65	$44.50	$26.14	$34.70	$23.69
Second quarter (through June 7, 2007)	$58.60	$46.35	$56.57	$31.28	$32.18	$20.16
Third quarter	—	—	$39.16	$29.60	$27.60	$20.00
Fourth quarter	—	—	$47.34	$30.31	$26.79	$17.82

The closing price of our common stock on June 7, 2007 was $53.07. As of May 31, 2007, we had 32,611,320 shares of our common stock issued and outstanding and approximately 520,000 shares reserved for issuance upon the exercise of options and vesting of restricted stock awards.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2007:

- on an actual basis; and
- on an as adjusted basis to give effect to this offering, after deducting the estimated underwriting discounts and commissions and our estimated offering expenses (utilizing the public offering price of $52.50 per share and assuming the underwriters' option to purchase an additional 1,087,500 shares of our common stock is not exercised).

The information set forth below should be read in conjunction with our consolidated financial statements and related notes included in, and incorporated by reference into, this prospectus supplement and the accompanying prospectus.

	As of March 31, 2007	
	Actual	**As Adjusted(1)**
	(Unaudited) (Dollars in thousands)	
Cash and cash equivalents	$ 168,124	$ 196,723
Short-term debt:		
1.75% convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Current portion of long-term debt	14,611	611
Long-term debt:		
7.5% senior unsecured notes	250,000	250,000
Nordural's senior term loan	317,500	—
Other Nordural long-term debt	7,676	7,676
Total Debt	772,602	441,102
Shareholders' equity:		
Common stock	326	399
Additional paid-in capital	437,375	797,402
Accumulated other comprehensive loss	(136,715)	(136,715)
Accumulated deficit	(79,964)	(82,174)
Total shareholders' equity	221,022	578,912
Total capitalization	$ 993,624	$ 1,020,014

(1) Does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

DIVIDEND POLICY

We did not declare dividends in 2006, 2005 or 2004 on our common stock, nor have we declared any dividends in 2007. We do not anticipate paying cash dividends in the foreseeable future.

Our revolving credit facility and the indenture governing our senior notes contain restrictions which limit our ability to pay dividends. Nordural's term loan facility contains restrictions on Nordural's ability to pay dividends.

DILUTION

Our net tangible book value as of March 31, 2007 was approximately $68 million, or $2.09 per share. Our net tangible book value per share represents our total tangible assets less total liabilities divided by the number of shares of our common stock outstanding as of March 31, 2007.

After giving effect to the sale of 7,250,000 shares of common stock offered by us in this offering based on a per share offering price of $52.50, and deducting the estimated underwriting discount and commissions on shares sold by us and other estimated expenses related to the offering, our net tangible book value would have been approximately $10.75 per share. This amount represents an immediate increase in net tangible book value of $8.66 per share to the existing stockholders and an immediate dilution of $38.92 per share to new investors.

Public offering price per share	$52.50
Net tangible book value per share as of March 31, 2007	$ 2.09
Increase per share attributable to this offering	$ 8.66
Net tangible book value per share after this offering	$10.75
Dilution in net tangible book value per share to new investors	$38.92

If the underwriters exercise their over-allotment option in full, our net tangible book value as of March 31, 2007 would have been $11.79 per share, representing an immediate increase to existing stockholders of $9.70 per share and an immediate dilution of $37.91 per share to new investors.

The above information does not reflect approximately 520,000 shares reserved for issuance, as of March 31, 2007, upon the exercise of outstanding stock options and vesting of restricted stock awards.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected financial data at or for the five years ended December 31, 2006 are derived from the audited consolidated financial statements of Century Aluminum Company. The financial data at or for the three months ended March 31, 2007 and 2006 is derived from our unaudited consolidated financial statements. The unaudited financial statements include all adjustments, which are of a normal and recurring nature, which we consider necessary for a fair presentation of the financial position and the results of operations for these periods.

In the second quarter of 2005, we changed our method of inventory costing from the last-in-first-out, or LIFO, method to the first-in-first-out, or FIFO method. The operating results for the years ended December 31, 2004, 2003 and 2002 shown below reflect our results of operations using the FIFO method of costing inventory. Additional information about this change in accounting principle is available in our consolidated financial statements for the year ended December 31, 2005 incorporated by reference herein.

Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2007. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information incorporated by reference herein.

Our results for these quarterly periods for the three months ended March 31, 2006 and 2007 and prior year-end periods are not fully comparable to our results of operations for fiscal year 2006 and may not be indicative of our future financial position or results of operations.

	Three Months Ended March 31,		Year Ended December 31,				
	2007	2006(1)	2006(2)	2005(3)	2004(4)	2003(5)	2002
	(Unaudited)		(In thousands, except per share and per pound data)				
Net sales	$ 447,657	$ 346,946	$1,558,566	$1,132,362	$1,060,747	$ 782,479	$ 711,338
Gross profit	110,652	76,468	348,522	161,677	185,287	43,370	20,360
Operating income	97,685	64,349	309,159	126,904	160,371	22,537	4,577
Income (loss) before cumulative effect of change in accounting principle	(64,249)	(141,571)	(40,955)	(116,255)	33,482	3,922	(18,443)
Net income (loss)	64,249	(141,571)	(40,955)	(116,255)	33,482	(1,956)	(18,443)
Earnings (loss) per share:							
Basic:							
Income (loss) before cumulative effect of change in accounting principle	$ 1.98	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ 0.09	$ (0.99)
Cumulative effect of change in accounting principle	—	—	—	—	—	(0.28)	—
Net income (loss) per share	$ 1.98	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ (0.19)	$ (0.99)
Diluted:							
Income (loss) before cumulative effect of change in accounting principle	$ 1.87	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ 0.09	$ (0.99)
Cumulative effect of change in accounting principle	—	—	—	—	—	(0.28)	—
Net income (loss) per share	$ 1.87	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ (0.19)	$ (0.99)
Dividends per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.15
Total assets	$2,247,946	$1,883,066	$2,185,234	$1,677,431	$1,332,553	$ 804,242	$ 763,751
Total debt(6)	772,602	727,789	772,251	671,901	524,108	344,125	329,667
Long-term debt(7)	575,176	528,887	559,331	488,505	330,711	336,310	321,852
Other information:							
Shipments — Primary aluminum:							
Direct shipment pounds (000)	290,057	291,843	1,152,617	1,153,731	1,179,824	1,126,542	1,049,295
Toll shipment pounds (000)(8)	116,968	54,177	346,390	203,967	138,248	—	—
Average LME per pound	$ 1.269	$ 1.098	$ 1.166	$ 0.861	$ 0.778	$ 0.649	$ 0.612
Average Midwest premium per pound	$ 0.032	$ 0.055	$ 0.055	$ 0.056	$ 0.068	$ 0.037	$ 0.041
Average realized price per pound:							
Direct shipments	$ 1.15	$ 1.03	$ 1.09	$ 0.86	$ 0.83	$ 0.69	$ 0.68
Toll shipments	$ 0.98	$ 0.83	$ 0.88	$ 0.67	$ 0.62	—	—

(1) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $183.5 million, or $5.54 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(2) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $241.7 million, or $7.19 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting and by a gain on the sale of surplus land.

(3) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $198.2 million, or $6.15 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(4) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $30.4 million, or $1.06 per diluted share, for a loss on early extinguishment of debt. See Note 5 in the Audited Consolidated Financial Statements included herein.

(5) We adopted Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations" on January 1, 2003. As a result, we recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle.

(6) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, including the current portion of long-term debt, the industrial revenue bonds ("IRBs") and the 1.75% convertible senior notes, excluding any outstanding preferred stock. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(7) Long-term debt includes all payment obligations under long-term borrowing arrangements, excluding the current portion of long-term debt. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(8) Grundartangi completed a 130,000 mtpy capacity expansion in the fourth quarter of 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion reflects our historical results of operations, certain portions of which do not include results from:

- our ownership of Grundartangi until acquired in late April 2004;
- our ownership interest in the Gramercy assets until acquired in October 2004; and
- the 130,000 mtpy expansion capacity of Grundartangi that was completed in the fourth quarter of 2006.

Accordingly, the results for fiscal years 2004 and 2005 are not fully comparable to the results of operations for fiscal year 2006. Our historical results are not indicative of our current business. You should read the following discussion in conjunction with our consolidated financial statements, related notes, and other financial information incorporated by reference herein.

Overview

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. The aluminum industry is cyclical and the price of primary aluminum (which trades as a commodity) is determined primarily by global supply and demand. Through our ownership of Ravenswood, Hawesville and Grundartangi, and our ownership interest in Mt. Holly, we have an annual production capacity of approximately 745,000 mtpy of primary aluminum. We expect our production capacity to increase to 785,000 mtpy by the fourth quarter of 2007 as a result of the ongoing expansion at Grundartangi. The key determinants of our results of operations and cash flow from operations are as follows:

- Our selling price is based on the LME and U.S. Midwest prices of primary aluminum and fixed price sales contracts.
- Our facilities operate at or near capacity, and fluctuations in volume, other than through expansions and acquisitions, generally are small.
- The principal components of cost of goods sold are alumina, electrical power and labor, which in aggregate were in excess of 70% of the 2006 cost of goods sold. Many of these costs are covered by long-term contracts, as described below.

Shipment volumes, average realized price and cost of goods sold per pound shipped are our key performance indicators. Revenue can vary significantly from period to period due to fluctuations in the LME and Midwest price of primary aluminum. Any adverse changes in the conditions that affect shipment volumes or the market price of primary aluminum could have a material adverse effect on our results of operations and cash flows. Revenue is also impacted by our hedging activities. Fluctuations in working capital are influenced by shipments, the LME and Midwest price of primary aluminum and by the timing of cash receipts and disbursements from major customers and suppliers.

Alumina and power are our two major costs of goods sold. Fluctuations in the cost of alumina in our U.S. facilities are expected as the pricing in these contracts is variable and, except for the Gramercy alumina contract, is based on LME prices. Power contracts for our U.S. facilities primarily provide for fixed priced power through 2009, subject to adjustments for fuel costs in Mt. Holly and possible adjustments in tariff rates in Ravenswood. Approximately 27% of Hawesville's power requirements (126 MW) are unpriced beginning in 2008 through 2010. We have negotiated short-term contracts to cover this requirement through 2007 at approximately market prices prevailing at the time we entered into such contracts. We are currently reviewing our options for pricing the unpriced power in 2008 through 2010. We are working with Big Rivers Electric Corporation and Kenergy Corporation on a proposal that would restructure and extend Hawesville's existing power supply contract through 2023. We expect power rates for the unpriced power to be significantly higher than the rates paid under our current long-term power contracts. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in conjunction with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. Power contract pricing for Grundartangi is variable and based on LME prices.

In 2006, we entered into LME-based, long-term alumina contracts for the supply of alumina to Ravenswood and Mt. Holly beginning in January 2007 and expiring at the end of 2009 and 2013, respectively. These contracts were negotiated during a period of tight supply in the alumina market and as a result, the LME pricing in our new alumina contracts is higher than under the contracts they replaced. Labor agreements with the USWA at our Hawesville and Ravenswood facilities were ratified in 2006 and will expire in 2010 and 2009, respectively.

Recent Developments

Proposed Helguvik Smelter

We intend to use the net proceeds from the sale of our common stock in this offering primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. We will also need to arrange additional third-party debt for this project, in addition to using current cash flows. This smelter would be located approximately 30 miles from the city of Reykjavik and would be operated through our Nordural subsidiary. The site is adjacent to a longstanding U.S. Department of Defense base, which was recently closed, causing the loss of 700 direct jobs and over 1,000 additional related jobs. This site provides a flat location and existing harbor, as well as proximity to the capital and other industry. To date, we have signed a harbor agreement, site agreement and an agreement to grant, as required, the necessary construction licenses and permits and terms regarding principles of taxation, with the Reykjanesbaer Municipal Council, the Gardur Municipal Council and the Reykjanes Harbour Board. In addition, we have signed contracts to purchase electrical energy from both of the major Icelandic geothermal power producers. The contracts are subject to the satisfaction of certain conditions, approvals by the boards of directors of the power companies, environmental agency approval and the construction of the new facility. The first phase of construction is currently being planned based on the anticipated availability of up to 250 MW of power in 2010, corresponding to a production capacity of about 150,000 mtpy. An additional 185 MW is expected to become available by 2015 which would allow us to increase the Helguvik project's capacity to approximately 250,000 mtpy. Successful completion of the Helguvik project is subject to risks as described under "Risk Factors" on page S-9 above. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including capital expenditures. See "Use of Proceeds" on page S-19.

Grundartangi Expansion Schedule Accelerated

In April 2006, we announced an acceleration in the further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy. The construction of the expansion is expected to be completed in the fourth quarter of 2007. We had previously announced that OR had agreed to deliver the power for the additional expansion by late 2008. Landsvirkjun, Iceland's national power company, has agreed to deliver power for the additional capacity on an interim basis as available until power is available from OR in late 2008. If Landsvirkjun is not able to deliver power on a short-term basis, we will need to enter into alternative arrangements for provision of power. On April 30, 2007, Grundartangi and Glencore entered into a toll conversion agreement for the additional 40,000 mtpy of expansion capacity which commences when the expansion capacity is operational.

Republic of the Congo Aluminum Venture Memorandum of Understanding Signed

In February 2007, we signed an MOU with the Republic of Congo ("ROC") in West Africa in connection with the exclusive right granted to us to develop an integrated aluminum business in the ROC consisting of an aluminum smelter, an alumina refinery and a bauxite mine. The project contemplated by the MOU is in the early stages of feasibility study and review and is subject to the results of that study and review, the negotiation of definitive contracts, and the satisfaction of various conditions.

The ROC port area of Pointe-Noire has been identified as a potential site for the aluminum smelter and alumina refinery. The location of the bauxite mine is dependent upon a future assessment and mapping of the ROC bauxite reserves. The project contemplated by the MOU is based on the Government of ROC assisting us to secure the provision of a minimum annual commitment of 500 MW of gas-generated electrical energy to the facility.

Joint Venture with Minmetals Aluminum Co. Ltd.

In April 2006, we entered into a joint venture agreement with Minmetals Aluminum Co. Ltd. to explore the potential of developing a bauxite mine and associated 1.5 million mtpy alumina refining facility in Jamaica.

The first stage of the project, a pre-feasibility stage, will assess the quality and quantity of bauxite reserves. This stage is expected to take up to 18 months. If this stage is successful, a full feasibility study would follow. The parties estimate that the mine and alumina refinery could be operational within three years following the successful completion of the full feasibility study.

Key Long-Term Contracts

Primary Aluminum Sales Contracts

We routinely enter into market priced contracts for the sale of primary aluminum. A summary of Century's long-term primary aluminum sales contracts is provided below.

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I(1)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II(2)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum)	Through March 31, 2011(3)	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010(3)	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months' notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1)(4)	BHP Billiton	130,000 mtpy	Through December 2013	LME-based
Glencore Tolling Agreement(2)(3)(4)	Glencore	90,000 mtpy	Through July 2016	LME-based
Glencore Tolling Agreement(4)	Glencore	40,000 mtpy	Through December 2014	LME-based

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 mtpy to 130,000 mtpy of the annual production capacity at Grundartangi effective upon the completion of the expansion to 220,000 mtpy.

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 mtpy of the expansion capacity at Grundartangi. Deliveries under this agreement started in July 2006.

(3) In December 2005, Glencore assigned 50% of its tolling rights under this agreement for the period 2007 to 2010. Nordural consented to the assignment.

(4) Grundartangi's tolling revenues include a premium based on the EU import duty for primary aluminum. In May 2007, the EU members reduced the import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. Decreases in the EU import duty have a negative impact on Grundartangi's revenues.

Key Long-Term Supply Agreements

Alumina Supply Agreements

A summary of our alumina supply agreements is provided below. Nordural toll converts alumina provided by BHP Billiton, Hydro and Glencore.

Facility	Supplier	Term	Pricing
Mt. Holly	Glencore	Through January 31, 2008 (46% of requirements)	Variable, LME-based
Mt. Holly(1)	Trafigura	January 1, 2007 through December 31, 2013	Variable, LME-based
Hawesville	Gramercy Alumina	Through December 31, 2010	Variable, Cost-based
Ravenswood	Glencore	January 1, 2007 through December 31, 2009	Variable, LME-based

(1) The alumina supply contract with Trafigura will provide Century with 125,000 mtpy in 2007 and 220,000 mtpy in 2008 through 2013.

Electrical Power Supply Agreements

We use significant amounts of electricity in the aluminum production process. A summary of these power supply agreements is provided below.

Facility	Supplier	Term	Pricing
Ravenswood(1)(2)	Appalachian Power Company	Through June 30, 2009	Based on published tariff, with provisions for a reduction in pricing based on the LME price for primary aluminum
Mt. Holly	South Carolina Public Service Authority	Through December 31, 2015	Fixed price, with fuel cost adjustment clause through 2010; subject to a new fixed price schedule after 2010
Hawesville	Kenergy	Through December 31, 2010	Fixed price through 2010 (approximately 73% of Hawesville's requirement)
Grundartangi(3)	Landsvirkjun	Through 2019	Variable rate based on the LME price for primary aluminum
Grundartangi(4)	Hitaveita Sudurnesja	Through 2026-2028	Variable rate based on the LME price for primary aluminum
Grundartangi(4)	Orkuveita Reykjavikur	Through 2026-2028	Variable rate based on the LME price for primary aluminum

(1) Appalachian Power supplies all of Ravenswood's power requirements. After December 31, 2007, Ravenswood may terminate the agreement by providing 12 months notice of termination. Effective July 28, 2006, the Public Service Commission of the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels.

(2) This contract contains LME-based pricing provisions that are considered an embedded derivative. The embedded derivative does not qualify for cash flow hedge treatment and is marked to market quarterly. Gains and losses on the embedded derivative are included in the Net gain (loss) on forward contracts in the Consolidated Statement of Operations.

(3) In April 2006, we announced an expansion of the Grundartangi facility from 220,000 mtpy to 260,000 mtpy which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis as available until power is available from OR in late 2008.

(4) The power agreement for the power requirements for the expansion to 220,000 mtpy is through 2026. The term of the power agreement for the expansion to 260,000 mtpy is until 2028.

Labor Agreements

Our labor costs at Ravenswood and Hawesville are subject to the terms of labor contracts which generally have provisions for annual fixed increases in hourly wages and benefits adjustments. The five labor unions represented at Grundartangi operate under a labor contract that establishes wages and work rules for covered employees. The employees at Mt. Holly are employed by Alcoa and are not unionized. A summary of key labor agreements is provided below.

Facility	Organization	Term
Hawesville	USWA	Through March 31, 2010
Ravenswood	USWA	Through May 31, 2009
Grundartangi	Icelandic labor unions	Through December 31, 2009
Gramercy	USWA	Through September 30, 2010
St. Ann	Jamaican labor unions	Through April 30, 2007(1)

(1) St. Ann has two labor unions, the University and Allied Workers Union (the "UAWU") and the Union of Technical and Supervisory Personnel (the "UTASP"). The UAWU labor agreement expired on April 30, 2007. On February 14, 2006, the UTASP agreed to a labor contract that will expre on December 31, 2007. Consistent with Jamaican labor union practice, we expect that negotiations for labor contracts to replace these contracts will commence following expiration of these contracts.

Application of Critical Accounting Policies

Our significant accounting policies are discussed in Note 1 of the Audited Consolidated Financial Statements. The preparation of the financial statements requires that management make subjective estimates, assumptions and judgments in applying these accounting policies. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Critical accounting estimates require management to make assumptions about matters that are highly uncertain at the time of the estimate and a change in these estimates may have a material impact on the presentation of our financial position or results of operations. Significant judgments and estimates made by our management include expenses and liabilities related to pensions and other postemployment benefits and forward delivery contracts and financial instruments.

Pension and Other Postemployment Benefit Liabilities

We sponsor various pension plans and also participate in a union sponsored multi-employer pension plan for the collective bargaining unit employees at Hawesville. The liabilities and annual income or expense of our pension and other postemployment benefit plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate and the long-term rate of asset return.

In developing our expected long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our pension investments will generate long-term rates of return of 9.0%. Our expected long-term rate of return is based on an assumed asset allocation of 65% equity funds and 35% fixed-income funds.

Discount Rate Selection

It is our policy to select a discount rate for purposes of measuring obligations under the pension and retiree medical plans by matching cash flows separately for each plan to yields on zero coupon bonds. We use the Citigroup Pension Liability Index for determining these yields.

The Citigroup Pension Liability Index was specifically developed to meet the criteria set forth in paragraph 186 of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." The published information at the end of each calendar month includes spot rate yields (zero coupon bond yield estimates) in half year increments for use in tailoring a discount rate to a particular plan's projected benefit cash flows. The Citigroup Pension Liability Index rate represents the discount rate developed from these spot rate yields, based on the pattern and duration of the benefit payments of a typical, large, somewhat mature pension plan.

The individual characteristics of each plan, including projected cash flow patterns and payment durations, have been taken into account, since discount rates are determined on a plan-by-plan basis. We will generally select a discount rate rounded to the nearest 0.25%, unless specific circumstances provide for a more appropriate non-rounded rate to be used. We believe the projected cash flows used to determine the Citigroup Pension Liability Index rate provide a good approximation of the timing and amounts of our defined benefits payments under our plans and no adjustment to the Citigroup Pension Liability Index rate has been made.

Therefore, as of December 31, 2006, Century selected a discount rate of 5.75% for all of the pension and post-employment benefit plans and 5.25% for our workers' compensation plans.

Although the duration of the Supplemental Executive Retirement Benefits Plan ("SERB") is slightly shorter than our other pension plans, Century will also use a 5.75% discount rate for this plan, because we do not believe that the difference in duration is significant, and because the obligations of the SERB are small in comparison to the other plans, we believe that the disclosure of a single rate that was used for the majority of the obligations will enhance the reader's understanding of the employee benefit footnote, rather than a weighted average rate that may complicate any determinations the reader may have.

Lowering the expected long-term rate of return by 0.5% (from 9.0% to 8.5%) would have increased our pension expense for the year ended December 31, 2006 by approximately $0.3 million. Lowering the discount rate assumptions by 0.5% would have increased our pension expense for the year ended December 31, 2006 by approximately $0.4 million.

Century provides postemployment benefit plans that provide health care and life insurance benefits for substantially all retired employees of our U.S. based operations. SFAS No. 106 requires the accrual of the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

Measurement of our postretirement benefit obligations requires the use of several assumptions about factors that will affect the amount and timing of future benefit payments. The assumed health care cost trend rates are the most critical assumptions for measurement of the postretirement benefits obligation. Changes in the health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations.

Century assumes medical inflation is initially 10%, declining to 5% over six years and thereafter. A one-percentage-point change in the assumed health care cost trend rates would have the following effects in 2007:

	One Percentage Point Increase	One Percentage Point Decrease
	(In thousands)	
Effect on total service and interest cost components	$ 3,786	$ (2,808)
Effect on accumulated post-retirement benefit obligation	$38,024	$(30,417)

Forward Delivery Contracts and Financial Instruments

Estimating the fair value of certain of our forward financial and physical delivery contracts requires us to make assumptions about future market prices of primary aluminum and the U.S. Midwest premium. We routinely enter into market priced physical and fixed-priced financial contracts for the sale of primary aluminum and the purchase of raw materials in future periods. We apply the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended," in accounting for these types of contracts. We have fixed price financial contracts for the sale of primary aluminum with settlement dates through 2015, but the LME futures quotes run through 2012. Determining the fair value of these forward contracts requires us to make certain assumptions about future market prices of primary aluminum beyond the quoted future market prices in 2012. In addition, our Glencore Metal Agreement II forward physical sales contract is accounted for as a derivative and contains pricing provisions based on the U.S. Midwest market price of primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for us to estimate the U.S. Midwest premium for future periods. For those physical delivery contracts which management believes are probable of future delivery, such contracts are classified as normal purchases and normal sales and are not accounted for as derivatives.

The aluminum-based financial and physical delivery contracts that are derivatives and do not qualify for the normal purchases and normal sales exception, as provided for in current accounting standards, are marked-to-market using the LME spot and forward market for primary aluminum. For derivative contracts extending beyond the quoted LME market periods, we estimate the forward LME market price beyond the quoted periods based upon market price trends in the final months of the quoted LME market. We estimate the U.S. Midwest premium by using third party expectations for future U.S. Midwest premiums, when available. Third-party estimates rarely extend beyond 24 months. For periods beyond the third-party information, we estimate the U.S. Midwest premium by using its 10-year rolling average. Fluctuations in the LME price of primary aluminum and U.S. Midwest premium have a significant impact on gains and losses included in our financial statements from period to period. Unrealized gains and losses are either included in Other comprehensive income (loss) (for cash flow hedges) or Net gain (loss) on forward contracts (for derivative instruments), depending on criteria as provided for in the accounting standards.

The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have an impact on Other comprehensive income in our financial statements from period to period. We have designated these forward contracts as cash flow hedges for forecasted natural gas transactions in accordance with the provisions of SFAS No. 133 (as amended). We assess the effectiveness of these cash flow hedges quarterly. The effective portion of the gains and losses are recorded in Other comprehensive income (loss) and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

The principal contracts affected by these standards and the resulting effects on the financial statements are described in Note 13 to the Audited Consolidated Financial Statements included herein.

Results of Operations

The following table sets forth, for the periods indicated, the percentage relationship to net sales of certain items included in our Statements of Operations. The following table includes the results from Nordural since our acquisition of it in April 2004 and the results from our interest in the Gramercy assets since its acquisition in October 2004.

	Percentage of Net Sales				
	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	(75.3)	(78.0)	(77.6)	(85.7)	(82.5)
Gross profit	24.7	22.0	22.4	14.3	17.5
Selling, general and administrative expenses	(2.9)	(3.5)	(2.5)	(3.1)	(2.4)
Operating income	21.8	18.5	19.9	11.2	15.1
Interest expense	(2.4)	(2.0)	(2.4)	(2.3)	(3.8)
Interest income	0.4	0.1	0.1	0.1	0.1
Loss on early extinguishment of debt	—	—	—	(0.1)	(4.5)
Other income (expense) — net	—	—	0.4	—	(0.1)
Net gain (loss) on forward contracts	0.1	(82.7)	(25.0)	(27.2)	(2.0)
Income (loss) before income taxes and equity in earnings of joint ventures	19.9	(66.0)	(7.0)	(18.3)	4.8
Income tax benefit (expense)	(6.3)	24.3	3.3	7.1	(1.7)
Income (loss) before equity in earnings of joint ventures	13.6	(41.7)	(3.7)	(11.2)	3.1
Equity in earnings of joint ventures	0.8	0.9	1.1	0.9	0.1
Net income (loss)	14.4%	(40.8)%	(2.6)%	(10.3)%	3.2%

The following table sets forth, for the periods indicated, the shipment volumes and the average sales price per pound shipped:

	Primary Aluminum					
	Direct (1)			Toll (2)(3)		
	Metric Tons	Pounds (000)	$/Pound	Metric Tons	Pounds (000)	$/Pound
2007						
First Quarter	131,568	290,057	$1.15	53,055	116,968	$0.98
2006						
Fourth Quarter	131,041	288,895	$1.12	50,634	111,630	$0.90
Third Quarter	126,810	279,568	1.07	42,788	94,331	0.86
Second Quarter	132,590	292,311	1.12	39,123	86,252	0.90
First Quarter	132,378	291,843	1.03	24,574	54,177	0.83
Total	522,819	1,152,617	$1.09	157,119	346,390	$0.88
2005						
Fourth Quarter	132,712	292,581	$0.88	23,302	51,373	$0.69
Third Quarter	129,555	285,619	0.83	23,435	51,665	0.64
Second Quarter	130,974	288,748	0.86	23,025	50,761	0.67
First Quarter	130,083	286,783	0.88	22,756	50,168	0.67
Total	523,324	1,153,731	$0.86	92,518	203,967	$0.67
2004						
Fourth Quarter	133,940	295,287	$0.87	23,468	51,737	$0.64
Third Quarter	132,893	292,978	0.83	23,147	51,030	0.61
Second Quarter	133,726	294,816	0.82	16,094	35,481	0.60
First Quarter	134,601	296,743	0.78	—	—	—
Total	535,160	1,179,824	$0.83	62,709	138,248	$0.62

(1) Direct shipments do not include toll shipments from Grundartangi.

(2) Grundartangi expansion capacity start-up began in February 2006. Full expansion production of 220,000 mtpy was reached in the fourth quarter of 2006.

(3) The table includes the results from our purchase of Nordural since its acquisition in April 2004.

Quarter Ended March 31, 2007 Compared to Quarter Ended March 31, 2006 (Unaudited)

Century's financial highlights include:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(In thousands, except per share data)	
Net sales:		
Third-party customers	$380,853	$ 298,473
Related party customers	66,804	48,473
Total	$447,657	$ 346,946
Gross profit	$110,652	$ 76,468
Net income (loss)	$ 64,249	$(141,571)
Earnings (loss) per common share:		
Basic	$ 1.98	$ (4.39)
Diluted	$ 1.87	$ (4.39)
Shipments — primary aluminum (millions of pounds)		
Direct	290.1	291.8
Toll	117.0	54.2
Total	407.1	346.0

Net Sales	2007	2006	$ Difference	% Difference
			(In millions)	
Three months ended March 31,	$447.7	$346.9	$100.8	29.1%

Higher price realizations for primary aluminum in the first quarter of 2007, due to improved LME prices for primary aluminum, contributed $50.2 million to the sales increase. Additional net sales volume contributed $50.6 million to the sales increase. Direct shipments were 1.8 million pounds less than the previous year period. Toll shipments increased 62.8 million pounds from the previous year period due to the Grundartangi expansion capacity that came on-stream during 2006.

Gross Profit	2007	2006	$ Difference	% Difference
			(In millions)	
Three months ended March 31,	$110.7	$76.4	$34.3	44.9%

During the three months ended March 31, 2007, improved price realizations, net of increased market-based alumina costs and LME-based power cost increases, improved gross profit by $35.8 million. Increased shipment volume contributed $21.0 million in additional gross profit. Partially offsetting these gains were $22.5 million in net cost increases comprised of: increased costs for maintenance, materials and supplies, $7.6 million; increased power and natural gas costs at our U.S. smelters, $3.8 million; increased costs for Gramercy supplied alumina, $0.9 million; increased post-retirement costs, $2.2 million; increased net amortization and depreciation charges, primarily at Grundartangi, $4.0 million; and other spending increases, $4.0 million.

Selling, General and Administrative Expenses	2007	2006	$ Difference	% Difference
			(In millions)	
Three months ended March 31,	$13.0	$12.1	$0.9	7.4%

The increase in selling, general and administrative expenses for the three months ended March 31, 2007 from the same period in 2006 was primarily due to spending on the proposed Helguvik project that must be expensed.

Interest Expense	2007	2006	$ Difference	% Difference
			(In millions)	
Three months ended March 31,	$11.0	$6.8	$4.2	61.8%

The increase in interest expense for the three months ended March 31, 2007 from the same period in 2006 was due to higher loan balances on the Nordural debt and a reduction in capitalized interest associated with reduced spending for the Grundartangi expansion.

Net Gain (Loss) on Forward Contracts	2007	2006	$ Difference	% Difference
			(In millions)	
Three months ended March 31,	$0.4	$(286.8)	$287.2	(100.1)%

The gain (loss) on forward contracts reported for the three-month periods ended March 31, 2007 and 2006, respectively, was primarily a result of mark-to-market adjustments associated with our long-term financial sales contracts that do not qualify for cash flow hedge accounting.

Tax Provision	2007	2006	$ Difference	% Difference
			(In millions)	
Three months ended March 31,	$28.1	$(84.4)	$(112.5)	(133.3%)

The changes in the income tax provision were primarily a result of the changes in pre-tax income.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Net sales: Net sales for the year ended December 31, 2006 increased $426.2 million or 38% to $1,558.6 million. Higher price realizations for primary aluminum in 2006, due to improved LME prices and U.S. Midwest premiums, contributed $331.5 million of the sales increase. This amount was partially offset by a $1.0 million decrease in direct shipment revenues. Direct shipments were 1.1 million pounds less than the previous year due to the potline shutdown at Ravenswood, offset by production increases at the other U.S. smelters. The additional revenue provided by the increase in Grundartangi tolling shipments for the year ended December 31, 2006 contributed $95.7 million to the 2006 net sales increase.

Gross profit: For the year ended December 31, 2006, gross profit increased $186.8 million to $348.5 million. Improved price realizations net of increased LME-based alumina costs improved gross profit by $213.6 million. Improved tolling fee realizations net of increased LME-based power costs improved gross profit by $48.2 million. Increased shipment volume, the result of the Grundartangi expansion, contributed $33.3 million in additional gross profit. Offsetting these gains were $108.3 million in net cost increases comprised of: higher power and natural gas costs, $41.2 million; higher raw materials, supplies and maintenance costs, $26.3 million; increased cost for Gramercy alumina, $12.3 million; restart and increased average costs due to the temporary potline shutdown at Ravenswood, $7.3 million; increased net amortization and depreciation charges, $12.7 million; increased pension and other postemployment benefit accruals, $4.6 million; and other increased spending, $3.9 million.

Selling, general and administrative expenses: Selling, general and administrative expenses for the year ended December 31, 2006 increased $4.6 million to $39.4 million relative to the same period in 2005. The increase is primarily due to the adoption of SFAS No. 123(R), “Share-Based Payments.”

Interest expense, net: Interest expense for the year ended December 31, 2006 increased $11.0 million to $35.3 million. The increase in interest expense is due to higher Nordural debt loan balances.

Net gain/loss on forward contracts: For the year ended December 31, 2006, net loss on forward contracts was $389.8 million compared to a net loss on forward contracts of $309.7 million for 2005. The losses reported for the years ended December 31, 2006 and 2005 were primarily a result of mark-to-market losses associated with our long-term financial sales contracts with Glencore that do not qualify for cash flow hedge accounting. Cash settlements of financial metal sales contracts that do not qualify for cash flow hedge treatment accounted for $54.2 million of the net loss, of which $2.6 million loss is due to the non-cash settlements of derivatives associated with the Glencore Metal agreements. The remaining $335.6 million is unrealized losses consisting of: $335.4 million unrealized losses related to our outstanding financial metals sales contracts that do not qualify for treatment as cash flow hedges due for settlement in 2007 through 2015, and $0.2 million unrealized loss due to an embedded derivative in our Ravenswood power contract.

Tax provision: We recorded an income tax benefit for the year ended December 31, 2006 of $52.0 million, a reduction of $28.7 million from the recorded tax benefit of $80.7 million for the year ended December 31, 2005. The reduction in the tax benefit is due to the reduced loss before income taxes and increased equity in earnings of joint ventures.

Equity in earnings of joint venture: Equity in earnings from the Gramercy and St. Ann Bauxite Limited ("SABL") investments improved to $16.1 million for the year ended December 31, 2006 from $10.7 million in 2005. These earnings represent our share of profits from third party bauxite, hydrate and chemical grade alumina sales.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Net sales: Net sales for the year ended December 31, 2005 increased $71.6 million or 7% to $1,132.4 million. Higher price realizations for primary aluminum in 2005, due to an improved LME price and U.S. Midwest premium, contributed an additional $41.7 million in sales. This amount was partially offset by a $21.5 million decrease in direct shipment revenues. Direct shipments were 26.1 million pounds less than the previous year due to a reduced pot count at Hawesville and fewer days in 2005 versus 2004. The additional revenue provided by Grundartangi tolling activities for the year ended December 31, 2005 contributed $51.4 million to the 2005 net sales increase.

Gross profit: For the year ended December 31, 2005, gross profit decreased $23.6 million to $161.7 million. Improved price realizations net of increased alumina costs improved gross profit by $42.6 million. Increased shipment volume, the result of the Nordural acquisition, contributed $11.6 million in additional gross profit. Offsetting these gains were $77.8 million in net cost increases comprised of: higher raw material costs and replacement of pot cells, $22.9 million; increased cost of Gramercy alumina, $19.5 million; higher power and natural gas costs, $17.6 million; increased net amortization and depreciation charges, $6.2 million; increased pension and other post-employment benefit accruals, $3.3 million; and other increased spending, $8.3 million.

Selling, general and administrative expenses: Selling, general and administrative expenses for the year ended December 31, 2005 increased $9.9 million to $34.8 million relative to the same period in 2004. Approximately 63%, or $6.2 million of the increase, was a result of increased compensation and pension expense, with the remaining increase associated with increased professional fees and other general expenses. In addition, allowance for bad debts was reduced $0.6 million in 2004, reflecting the settlement of a claim.

Interest expense, net: Interest expense for the year ended December 31, 2005 declined $14.9 million to $24.3 million. The reduction in interest expense was a direct result of our refinancing activities during the year 2004.

Net gain/loss on forward contracts: For the year ended December 31, 2005, net loss on forward contracts was $309.7 million as compared to a net loss on forward contracts of $21.5 million for the same period in 2004. The loss reported for the year ended December 31, 2005 was primarily a result of mark-to-market losses associated with our long-term financial sales contracts with Glencore that do not qualify for cash flow hedge accounting. The losses reported for the year ended December 31, 2004 primarily relate to the early termination of a fixed-price forward sales contract with Glencore.

Loss on early extinguishment of debt: For the year ended December 31, 2005, we recorded a loss of $0.8 million related to the redemption of the remaining $9.9 million of outstanding 11.75% senior secured first mortgage notes. For the year ended December 31, 2004, we recorded a loss of $47.4 million for the cost of tendering for the first mortgage notes.

Tax provision: We recorded an income tax benefit for the year ended December 31, 2005 of $80.7 million, a change of $98.9 million from the recorded tax expense of $18.2 million for the year ended December 31, 2004. The change in the tax provision is due to changes in the income (loss) before income taxes and the discontinuance of accrual for United States taxes on Nordural's earnings, resulting from a decision made in 2005 that such earnings would remain invested outside the United States indefinitely. These items were partially offset by changes in equity in earnings of joint ventures.

Equity in earnings of joint venture: Equity in earnings from the Gramercy and SABL investments, which were acquired on October 1, 2004, was $10.7 million for the year ended December 31, 2005. These earnings represent our share of profits from third party bauxite, hydrate and chemical grade alumina sales.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flow from operations and available borrowings under our revolving credit facility. We believe these sources of cash will be sufficient to meet our near-term working capital needs. We have not determined the sources of funding for our long-term debt repayment requirements; however, we believe that our cash flow from operations, available borrowing under our revolving credit facility and, to the extent necessary and/or economically attractive, future financial market activities will be adequate to address our long-term liquidity requirements. Our principal uses of cash are operating costs, payments of interest on our outstanding debt, the funding of capital expenditures and investments in related businesses, working capital and other general corporate requirements.

As of December 31, 2006, we had $772.3 million of indebtedness outstanding, including $175.0 million of principal under our 1.75% convertible senior notes, $250.0 million of principal under our 7.5% senior notes, $331.0 million of indebtedness under the term loan at Nordural, $7.8 million of principal under our industrial revenue bonds, and $8.5 million indebtedness for various site loans at Nordural. More information concerning the various debt instruments and our borrowing arrangements is available in Note 5 to the Audited Consolidated Financial Statements included herein.

As of March 31, 2007, we had borrowing availability of $97.6 million under our credit facility, subject to customary covenants. We issued letters of credit totaling $2.1 million. We had no other outstanding borrowings under the credit facility as of March 31, 2007. We could issue up to a maximum of $25.0 million in letters of credit under our credit facility. On April 30, 2007, Nordural made a $70 million optional principal payment under its term loan.

Capital Resources

Capital expenditures for the three months ended March 31, 2007 were $31.6 million, $29.2 million of which was for the expansion project at Grundartangi, with the balance principally related to upgrading production equipment, maintaining facilities and complying with environmental requirements. Exclusive of the Grundartangi expansion, we anticipate capital expenditures of approximately $30.0 to $35.0 million in 2007. The Grundartangi expansion will require approximately $95.0 million of capital expenditures in 2007 to complete the expansion to 260,000 mtpy. At March 31, 2007, we had outstanding capital commitments of approximately $57.4 million, primarily related to the Grundartangi expansion project.

We expect to incur approximately $10 million of projected development costs for the Helguvik greenfield project in 2007. Our cost commitments for the Grundartangi expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Euro and the Icelandic krona. Capital expenditures for 2006 were $217.1 million, $193.5 million of which was related to the expansion projects at Grundartangi, with the balance principally related to upgrading production equipment, improving facilities and complying with environmental requirements. In May 2006, we purchased foreign currency options with a notional value of $41.6 million to hedge our foreign currency risk in the Icelandic krona associated with a portion of the capital expenditures from the expansion project. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No. 133, have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of March 31, 2007, the fair value of the foreign currency options of $2.9 million was recorded in other assets. Accumulated other comprehensive loss included an unrealized gain, net of tax, of $2.3 million related to the foreign currency options.

Historical Cash Flows

Our Statements of Cash Flows for the quarters ended March 31, 2007 and 2006 and for the years ended December 31, 2006, 2005 and 2004 are summarized below:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
	(Dollars in thousands)				
Net cash provided by operating activities	$ 98,118	$ 16,039	$ 185,353	$ 134,936	$ 105,828
Net cash used in investing activities	(29,013)	(75,402)	(211,938)	(305,339)	(275,286)
Net cash provided by financing activities	2,654	59,123	105,197	143,987	185,422
Increase (decrease) in cash and cash equivalents	$ 71,759	$ (240)	$ 78,613	$ (26,416)	$ 15,964

Net cash from operating activities in the first three months of 2007 was $98.1 million due to improved market conditions, additional shipment volume from Grundartangi and increases in our working capital.

Our net cash used in investing activities for the three-month period ended March 31, 2007 was $29.0 million, primarily a result of the ongoing expansion of the Grundartangi facility. The remaining net cash used in investing activities consisted of capital expenditures to maintain and improve plant operations and the return of cash placed on deposit for energy purchases. Our net cash used in investing activities for the three-month period ended March 31, 2006 was $75.4 million, primarily a result of the expansion of the Grundartangi facility to 220,000 mpty capacity. The remaining net cash used in investing activities consisted of capital expenditures to maintain and improve plant operations and cash placed on deposit to support future energy purchases.

Net cash provided by financing activities during the first three months of 2007 was $2.7 million. We increased our borrowings under Nordural's $365.0 million senior term loan facility by $30.0 million, which was offset by principal payments of $29.6 million on Nordural debt. We received proceeds from the issuance of common stock of $2.0 million related to the exercise of stock options and excess tax benefits from share-based compensation of $0.3 million. Net cash provided by financing activities during the first three months of 2006 was $59.1 million. We increased our borrowings under Nordural's $365.0 million senior term loan facility by $59.0 million. We also received proceeds from the issuance of common stock of $2.4 million related to the exercise of stock options and excess tax benefits from share-based compensation of $0.8 million, which were offset by repayments on our revolving credit facility of $3.0 million and other long-term debt of $0.1 million.

Net cash from operating activities of $185.4 million in 2006 was $50.4 million higher than the same period in 2005. This increase was a direct result of improved price realizations and the added margin contributions from the expansion capacity at Grundartangi.

Net cash from operating activities of $134.9 million in 2005 was $29.1 million higher than the same period in 2004. Exclusive of the $50.3 million cash payment in 2004 for the tender premium plus accrued interest for the refinancing of our first mortgage notes, net cash from operating activities decreased $21.2 million in 2005. This decrease was a direct result of increased cost of goods sold, offset by lower debt service costs related to the 2004 debt refinancing.

Net cash from operating activities of $105.8 million in 2004 was $18.4 million higher than the same period in 2003. Exclusive of the $35.5 million settlement received in 2003 from the termination of a primary aluminum sales contract and entering into the Glencore Metal Agreement I for the years 2005 through 2009 and the $50.3 million cash payment in 2004 for the tender premium plus accrued interest for the refinancing of our first mortgage notes, net cash from operating activities increased $104.2 million in 2004. This increase was a direct result of improved price realizations and the added margin contributions from Nordural which was acquired in April 2004.

Net cash used in investing activities in 2006 was $211.9 million, a decrease of $93.4 million from 2005. Exclusive of the $7.8 million proceeds from the sale of property, plant, and equipment in 2006 and net acquisition cost of $7.0 million for a Southwire contingency payment in April 2005, related to the Hawesville acquisition in 2001, the decrease was $78.6 million. This decrease was due primarily to lower expenditures on the Grundartangi expansion project of $86.6 million, offset by higher purchases of property, plant and equipment and restricted and other cash deposits during the year of $7.8 million.

Net cash used in investing activities in 2005 was $305.3 million, an increase of $30.0 million from 2004. Exclusive of the net acquisition cost of $7.0 million for a Southwire contingency payment in April 2005, related to the Hawesville acquisition in 2001, the net acquisition cost of Nordural in April 2004 was $184.9 million and the net acquisition cost of the Gramercy assets in October 2004 was $13.7 million, net cash used in investing activities increased $221.6 million. Purchases of property, plant and equipment, including the Nordural expansion costs, were $298.1 million in 2005 as compared to the purchases of property, plant and equipment of $75.0 million in 2004.

Net cash used in investing activities in 2004 was $275.3 million, an increase of $196.6 million from 2003. The net acquisition cost of Nordural in April 2004 was $184.9 million and the Gramercy assets in October 2004 was $13.7 million as compared to the net acquisition cost for the additional 20% interest in Hawesville in April 2003 of $59.8 million. Purchases of property, plant and equipment, including the Nordural expansion costs, were $75.0 million in 2004 as compared to purchases of property, plant and equipment of $18.9 million in 2003.

Net cash provided by financing activities during 2006 was $105.2 million, a decrease of $38.8 million from the previous year. During 2006, we borrowed $109.0 million under Nordural's term loan facility and repaid $8.7 million, consisting of payments of $8.1 million for the repayment of the revolving credit facility and $0.6 million for other miscellaneous debt payments. We received proceeds of $3.5 million from the issuance of common stock and realized a $1.4 million tax benefit from our share-based compensation programs.

Net cash provided by financing activities during 2005 was $144.0 million, a decrease of $41.4 million from the previous year. During 2005, we borrowed $222.9 million under Nordural's new term loan facility, borrowed $8.1 million under our revolving credit facility, and received proceeds from the issuance of common stock of $1.4 million. The additional borrowings were partially offset by debt repayments of $83.3 million, consisting of payments of $9.9 million for the remaining first mortgage notes tendered in a debt refinancing, $68.5 million for the prior Nordural term loan facility and $4.9 million for other miscellaneous debt payments. Additionally, we paid $5.1 million of financing fees for Nordural's new term loan facility and the refinancing of our revolving credit facility.

Net cash provided by financing activities during 2004 was $185.4 million; this amount was primarily due to the issuance of $425.9 million of debt, and the issuance of $215.8 million of common stock, which was partially offset by debt repayments of $439.9 million, consisting of $315.1 million for the first mortgage notes tendered in a debt refinancing, $109.8 million for the Nordural term loan facility, $14.0 million for the repayment of a note to Glencore, and $1.0 million for other miscellaneous debt payments. Additionally, we paid $13.1 million of financing fees for the debt issued in the fourth quarter of 2004 and $3.3 million payment of accrued preferred dividends in the second quarter of 2004.

Contractual Obligations

In the normal course of business, we have entered into various contractual obligations that will be settled in cash. These obligations consist primarily of long-term debt obligations and purchase obligations. The expected future cash flows required to meet these obligations, as of December 31, 2006, are shown in the table below. More information is available about these contractual obligations in Note 12 to the Audited Consolidated Financial Statements included herein.

	Payments Due by Period						
	Total	2007	2008	2009	2010	2011	Thereafter
	(Dollars in millions)						
Long-term debt(1)	$ 772	$ 30	$ 29	$ 29	$246	$ 1	$ 437
Estimated interest payments(2)	299	46	44	42	32	24	111
Purchase obligations(3)	3,084	684	508	470	327	182	913
OPEB obligations(4)	103	7	7	8	10	11	60
Other long-term liabilities(5)	43	6	5	5	5	5	17
Total	$4,301	$773	$593	$554	$620	$223	$1,538

(1) Long-term debt includes principal repayments on the 7.5% senior notes, 1.75% convertible senior notes, the IRBs and the Nordural debt, but does not reflect the $70.0 million principal repayment on the Nordural debt in April 2007.

(2) Estimated interest payments on our long-term debt are based on several assumptions, including an assumption that our term loan debt is repaid on established schedules and is not refinanced. Our variable rate debt is based primarily on the Eurodollar rate plus an applicable margin. We assume that the Eurodollar rate will be 5.50% in 2007 and remain steady thereafter. The IRB interest rate is variable and our estimated future payments are based on a rate of 4.20%. In addition, we assume the 7.5% senior notes due 2014 and 1.75% convertible senior notes due 2024 will remain outstanding until their respective due dates.

(3) Purchase obligations include long-term alumina, electrical power contracts, anode contracts and the Grundartangi expansion project commitments. Grundartangi's power contracts and our domestic alumina contracts, except for our Gramercy alumina contract, are priced as a percentage of the LME price of primary aluminum. We assumed an LME price consistent with the LME forward market at December 31, 2006, decreasing to the 10-year average LME and remaining steady thereafter for purposes of calculating expected future cash flows for these contracts. Our Gramercy long-term alumina contract has variable cost-based pricing. We used Gramercy Alumina LLC cost forecasts to calculate the expected future cash flows for this contract. The Grundartangi anode contract and some Grundartangi expansion contract commitments are denominated in euros. We assumed a $1.30/Euro conversion rate to estimate the obligations under these contracts.

(4) Includes the estimated benefit payments for our OPEB obligations through 2015, which are unfunded.

(5) Other long-term liabilities include our expected SERB benefit payments, workers' compensation benefit payments and asset retirement obligations. Expected benefit payments for the SERB plans, which are unfunded, are included for 2007 through 2015. Asset retirement obligations are estimated disposal costs for the existing spent potliner.

Related Party Transactions

For a discussion of our related party transactions, see Note 15 to the Audited Consolidated Financial Statements included herein and "Certain Relationships and Related Transactions" on page S-51.

Environmental Expenditures and Other Contingencies

We have incurred and in the future will continue to incur capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance.

The aggregate environmental related accrued liabilities were $0.8 million, $0.6 million and $0.5 million at March 31, 2007, December 31, 2006 and December 31, 2005, respectively. We believe that compliance with current environmental laws and regulations is not likely to have a material adverse effect on our financial condition, results of operations or liquidity; however, environmental laws and regulations may change, and we may become subject to more stringent environmental laws and regulations in the future.

We have planned environmental capital expenditures of approximately $2.0 million for 2007. In addition, we expect to incur operating expenses relating to environmental matters of approximately $10 to $15 million each year during 2007, 2008 and 2009. These amounts do not include any projected capital expenditures or operating expenses for our joint venture interest in the Gramercy assets. As part of our general capital expenditure plan, we also expect to incur capital expenditures for other capital projects that may, in addition to improving operations, reduce certain environmental impacts. See Note 12 to the Audited Consolidated Financial Statements included herein.

Century and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions, and Iceland. We have substantially concluded all material U.S. federal income tax matters for years through 1999. Federal income tax returns for 2000 through 2002 are currently under examination by the Internal Revenue Service (IRS). In connection with these examinations, the IRS has raised issues and proposed tax deficiencies. We have filed an administrative appeal with the IRS and it is likely that this examination will conclude in 2007. Returns beginning in 2003 are subject to examination. Material state and local income tax matters have been concluded for years through 2002. West Virginia income tax returns for 2003 through 2005 are currently under examination and the majority of other state returns beginning in 2003 are subject to examination. We are not currently under examination for our Icelandic filed tax returns and income tax matters have been concluded for years through 2001.

We are a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity.

Recently Adopted Accounting Standards

FIN 48. We adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), on January 1, 2007. As a result of adoption, we recognized a charge of approximately $7.9 million to the January 1, 2007 retained earnings balance. As of the adoption date, we had gross tax-affected unrecognized tax benefits of $21.8 million of which, if recognized, $18.3 million would affect the effective tax rate.

Century's policy is to recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized approximately $5 million for the payment of interest at January 1, 2007 which is included as a component of the $21.8 million unrecognized tax benefit noted above. During the three months ended March 31, 2007, Century recognized approximately $0.7 million in potential interest associated with uncertain tax positions.

SFAS 158. In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment to SFAS No. 87, 88, 106, and 132(R)." This statement required us to recognize the funded status of a defined benefit and other postretirement plan obligations in our financial statements and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. In addition, the statement requires additional disclosure about certain effects on net periodic benefit cost that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation.

We have adopted SFAS No. 158 as of December 31, 2006. The impacts of the new pronouncement are discussed in Note 7 to our Audited Consolidated Financial Statements included herein.

SFAS 123(R). In December 2004, the FASB issued SFAS No. 123(R), "Share Based Payment." This Statement is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." This statement focuses primarily on accounting for transactions in which a company obtains services in share-based payment transactions. This Statement requires us to recognize the grant date fair value of an award of equity-based instruments to employees and the cost to be recognized over the period in which the employees are required to provide service. The Statement is effective for fiscal year 2006 and thereafter.

We have adopted SFAS No. 123(R) effective January 1, 2006. We have elected to use the Modified Prospective Application Method. Under this method, we will recognize the fair value of employee stock-based compensation awards as compensation cost beginning January 1, 2006. SFAS No. 123(R) will apply to new awards granted subsequent to our adoption and for any portion of previous awards that had not vested as of January 1, 2006. The compensation cost recognized from the unvested awards will be based on the original grant-date fair value used to calculate our pro forma financial disclosure under SFAS No. 123. The impacts of the new pronouncement are discussed in Note 9 to our Audited Consolidated Financial Statements included herein.

Recently Issued Accounting Standards

SFAS No. 157. In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

SFAS No. 159. In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." The Statement would permit us to measure certain financial instruments and other items at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date.

The Statement is effective for us as of January 1, 2008. We are currently assessing the Statement and have not yet determined what, if any, impact the adoption of SFAS No. 159 will have on our financial position or results of operations.

BUSINESS

Overview

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange, or LME. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. We produced approximately 680,000 metric tons of primary aluminum in 2006 and recorded net sales of approximately $1.6 billion. In 2006 we more than doubled the capacity at our Grundartangi facility in Iceland from 90,000 mtpy, at the time of our acquisition of the facility to 220,000 mtpy. Following such expansion, our total primary aluminum production capacity is currently 745,000 mtpy. With the ongoing further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy, our production capacity is scheduled to increase to 785,000 mtpy in the fourth quarter of 2007. In addition to our primary aluminum assets, we have 50 percent joint venture interests in an alumina refinery, located in Gramercy, Louisiana, and a related bauxite mining operation in Jamaica. The Gramercy refinery supplies substantially all of the alumina used for the production of primary aluminum at our Hawesville, Kentucky, primary aluminum facility.

Our strategic objectives are to: (a) increase our primary aluminum business in Iceland by expanding our existing capacity and by building additional greenfield capacity; (b) diversify our geographic presence and expand our primary aluminum business by investing in or acquiring additional capacity in other favorable regions that offer attractive returns and lower our per unit production costs; and (c) pursue additional upstream opportunities in bauxite mining and alumina refining.

Our Primary Aluminum Facilities:

Facility	Location	Operational	Total Capacity (mtpy)	Ownership
Grundartangi(1)	Iceland	1998	220,000	100%
Hawesville(2)	Kentucky, USA	1970	244,000	100%
Ravenswood	West Virginia, USA	1957	170,000	100%
Mt. Holly(3)	South Carolina, USA	1980	224,000	49.7%

(1) Grundartangi's production capacity is scheduled to increase to 260,000 mtpy in the fourth quarter of 2007 upon completion of the expansion.

(2) The facility completed a 49,000 metric ton expansion in 1999, increasing its capacity to 244,000 mtpy of primary aluminum.

(3) Alcoa holds the remaining 50.3% ownership interest and is the operator. Century's share of Mt. Holly's capacity is approximately 111,000 mtpy.

Our Bauxite and Alumina Facilities:

Facility	Location	Type	Total Capacity (mtpy)	Ownership
Gramercy	Louisiana, USA	Alumina Refinery	1.2 million	50%
St. Ann(1)	Jamaica	Bauxite	4.5 million	50%

(1) The Government of Jamaica has granted St. Ann rights to mine 4.5 million dry metric tons of bauxite on specified lands annually through September 30, 2030.

The Aluminum Industry

The primary aluminum industry has been experiencing a period of strong prices. Industry analysts generally believe these market conditions are based primarily on favorable global supply and demand fundamentals. Spot aluminum prices, as quoted on the LME, averaged $2,800 per metric ton in the first quarter of 2007 and remain well above historical long-term averages. Significant continuing demand growth in China and the generally favorable conditions in the global economy are believed by industry analysts to be the primary drivers of the robust market conditions.

In 2006, according to industry sources, global demand for primary aluminum increased approximately 8.0% while global supply grew by about 6.0%, resulting in a deficit of approximately 500,000 metric tons. In the first quarter of 2007, global supply exceeded demand by over 100,000 metric tons, in part due to restarts of idled capacity, principally in China, the United States and in Europe. Current capacity utilization rates indicate that producers are operating at or near full capacity utilization globally. In addition, industry experts believe there is little viable idled capacity left to be restarted. Aluminum inventories remain relatively lean on a historical basis, with producer and LME stocks representing 35 to 40 days of Western World consumption.

Recent Developments

Information regarding our recent developments appears under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" on page S-26.

Competition

The market for primary aluminum is global, and demand for aluminum varies widely from region to region. We compete with U.S. and international companies in the aluminum industry primarily in the areas of price, quality and service. In addition, aluminum competes with materials such as steel, copper, plastic and glass, which may be substituted for aluminum in certain applications.

Our Hawesville and Ravenswood plants are each located adjacent to their largest customer which allows them to deliver metal in molten form, at a cost savings to both parties, providing a competitive advantage over other potential suppliers. Our Hawesville plant also has a competitive advantage due to its ability to produce the high purity aluminum needed by its largest customer for the manufacture of electrical transmission lines.

Customer Base

In 2006, we derived approximately 84% of our consolidated sales from the following four major customers: Southwire, Alcan, Glencore and BHP Billiton. Additional information about the revenues and percentage of sales to these major customers is available in Note 17 of the Audited Consolidated Financial Statements included herein. A loss of any of these customers could have a material adverse effect on our results of operations. We currently have long-term primary aluminum sales or tolling contracts with Southwire, Glencore and BHP Billiton (the Alcan Metal Agreement expires in July 2007). For additional information about these contracts, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Long-Term Contracts — Primary Aluminum Sales Contracts" on page S-27.

Financial Information About Segments and Geographic Areas

We operate in one reportable segment, primary aluminum. Additional information about our primary aluminum segment and certain geographic information is available in Note 17 to the Audited Consolidated Financial Statements included herein. For a description of certain risks attendant to our foreign operations, see "Risk Factors" on page S-9.

Energy, Key Supplies and Raw Materials

We consume the following key supplies and raw materials in the primary aluminum reduction process:

- electricity
- alumina
- aluminum fluoride
- natural gas
- carbon
- cathode blocks
- liquid pitch
- silicon carbide
- caustic soda
- calcined petroleum coke

Electrical power, alumina, and labor are the principal components of cost of goods sold. These components together represented over 70 percent of our 2006 cost of goods sold. We have long-term contracts to ensure the future availability of many of these cost components. For additional information about these contracts, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Long-Term Supply Agreements" on page S-28. For a description of certain risks attendant to our raw material supplies and labor, see "Risk Factors" on page S-9.

Pricing

Our operating results are sensitive to changes in the price of primary aluminum and the raw materials used in our production. As a result, we try to mitigate the effects of fluctuations in primary aluminum and raw material prices through the use of various fixed-price commitments and financial instruments.

We offer a number of pricing alternatives to our customers which, combined with our metals risk management activities, are designed to achieve a certain level of price stability on our primary aluminum sales. Generally, we price our products at an indexed or "market" price, in which the customer pays an agreed-upon premium over the LME price or other market indices.

Grundartangi derives substantially all of its revenues from tolling arrangements whereby it converts alumina provided by its customers into primary aluminum for a fee based on the LME price for primary aluminum. Grundartangi's revenues are subject to market price risk for the LME price of primary aluminum; however, because it produces primary aluminum under a tolling arrangement, Grundartangi is not exposed to fluctuations in the price for alumina, the principal raw material used in the production of primary aluminum. Grundartangi's tolling revenues include a premium based on the exemption available to Icelandic aluminum producers from the EU import duty for primary aluminum. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" on page S-26. Decreases in the EU import duty negatively impact Grundartangi's revenue. In addition, under its current power contract, Grundartangi purchases power at a rate which is a percentage of the LME price for primary aluminum. By linking its most significant production cost to the LME price for primary aluminum, Grundartangi is partially hedged against downswings in the market for primary aluminum; however, this hedge also limits Grundartangi's upside as the LME price increases.

Primary Aluminum Facilities

Grundartangi

The Grundartangi facility located in Grundartangi, Iceland, is owned and operated by our subsidiary, Nordural ehf. Grundartangi is our most modern and lowest cost facility. Operations at Grundartangi began in 1998 and production capacity was expanded in 2001 and again in 2006. The facility has an annual production capacity of 220,000 mtpy, which is scheduled to increase by 40,000 mtpy to 260,000 mtpy upon completion of the expansion expected in the fourth quarter of 2007.

Grundartangi operates under various long-term agreements with the Government of Iceland, local municipalities, and Faxafloahafnir sf (which operates the harbor at Grundartangi and is jointly owned by several municipalities). These agreements include: (i) an investment agreement which establishes Nordural's tax status and the Government's obligations to grant certain permits; (ii) a reduction plant site agreement by which Nordural leases the property through 2020, subject to renewal at its option; and (iii) a harbor agreement by which Nordural is granted access to the port at Grundartangi. In connection with its expansion, Nordural has entered into amendments to the investment agreement and the reduction plant site agreements with the Government of Iceland.

Expansion Project. In late 2006, we completed the expansion of the Grundartangi facility from an annual production capacity of 90,000 mtpy to 220,000 mtpy at a total cost of approximately $482 million. A further expansion to 260,000 mtpy of annual production capacity began in 2006 and is projected to be completed in the fourth quarter of 2007 at an estimated total cost of approximately $132 million. We expect to fund the remaining costs of the expansion with operating cash flow generated by Grundartangi's operations.

Tolling Agreements. Nordural has a long-term alumina tolling contract with a subsidiary of BHP Billiton which expires December 31, 2013. Under this contract, which is for approximately 130,000 metric tons of Grundartangi's annual capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. Grundartangi's tolling revenues include a premium based on the exemption available to Icelandic aluminum producers from the EU import duty for primary aluminum. Nordural has entered into a 10-year alumina tolling contract with Glencore for 90,000 metric tons of annual capacity that expires in 2016. Deliveries under this agreement started in July 2006. Nordural receives an LME-based fee under the Glencore contract. In 2005, Glencore assigned 45,000 mtpy of its tolling rights under this agreement to Hydro Aluminum AS ("Hydro") for the period 2007 to 2010. Nordural consented to the assignment. On April 30, 2007, Nordural and Glencore entered into a toll conversion agreement for the additional 40,000 mtpy of expansion capacity which commences when the expansion capacity is operational.

Power. Landsvirkjun, a power company owned by the Republic of Iceland, provides power for 90,000 mtpy of the Grundartangi facility's production capacity under a long-term contract due to expire in 2019. The power delivered by Landsvirkjun is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources. Hitaveita Sudurnesja hf. ("HS") and Orkuveita Reykjavikur ("OR") supply the power required for Grundartangi's remaining 130,000 mtpy of production capacity. The price paid by Nordural for power delivered by HS and OR is also LME-based. OR has agreed to deliver additional power, on a long-term basis, which will allow a further expansion of Grundartangi's production capacity to 260,000 mtpy. Delivery of power from OR under the additional agreement is scheduled to start in late 2008. Nordural has made a short-term agreement with Landsvirkjun which will allow startup of the further expansion to 260,000 mtpy in the fourth quarter of 2007, subject to availability. If Landsvirkjun is not able to deliver power on a short-term basis, we will need to enter into alternative arrangements for provision of power. The power agreement is subject to the satisfaction of certain conditions.

Employees. Our employees at Grundartangi are represented by five labor unions that operate under a labor contract that establishes wages and work rules for covered employees for the period through December 31, 2009.

Hawesville

Hawesville is owned by our subsidiary, Century Kentucky, Inc. Hawesville is located adjacent to the Ohio River near Hawesville, Kentucky and began operations in 1970. Hawesville has five reduction potlines with an annual production capacity of 244,000 metric tons.

Hawesville's original four potlines have an annual production capacity of approximately 195,000 metric tons and are specially configured and operated to produce high purity primary aluminum. The average purity level of primary aluminum produced by these potlines is 99.9%, compared to standard-purity aluminum which is approximately 99.7%. High purity primary aluminum is sold at a premium to standard-purity aluminum. The high purity primary aluminum provides the conductivity required by Hawesville's largest customer, Southwire, for its electrical wire and cable products as well as for certain aerospace applications. A fifth potline added in 1999 has an annual capacity of approximately 49,000 metric tons of standard-purity aluminum.

Metal Sales Agreement. Hawesville has a long-term aluminum sales contract with Southwire (the "Southwire Metal Agreement"). The Southwire Metal Agreement expires March 31, 2011, subject to automatic renewal for additional five-year terms, unless either party provides 12 months' notice that it has elected not to renew. The price for the molten aluminum delivered to Southwire is variable and is determined by reference to the U.S. Midwest Market Price. Under the contract, Hawesville supplies 240 million pounds (approximately 109,000 metric tons) of high-purity molten aluminum annually to Southwire's adjacent wire and cable manufacturing facility. Under this contract, Southwire will also purchase 60 million pounds (approximately 27,000 metric tons) of standard-grade molten aluminum each year through December 2010. Southwire has an option to purchase an equal amount of standard-grade molten aluminum in 2011. In addition, Southwire will purchase an additional 48 million pounds (approximately 22,000 metric tons) of standard-grade molten aluminum during 2007.

Alumina. Hawesville purchases alumina under a supply agreement with Gramercy Alumina LLC ("GAL"). GAL is a joint venture company of which Century owns 50%, and which owns and operates the Gramercy alumina refinery. The alumina supply agreement runs through December 31, 2010 and the contract pricing varies based on GAL's cost of production.

Power. Hawesville purchases all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires December 31, 2010. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corp., with delivery guaranteed by LG&E. In 2007, Hawesville has unpriced power requirements of approximately 14 MW or about three percent of its power requirements. All unpriced power will be priced at market prices. Hawesville has unpriced power requirements of 126 MW or 27% of its power requirements from 2008 through 2010. We are currently reviewing our options for pricing the unpriced power in 2008 through 2010. In addition, we are working with Big Rivers Electric Corporation ("Big Rivers") and Kenergy on a proposal that would restructure and extend the existing power supply contract from 2008 through 2023.

Employees. The bargaining unit employees at Hawesville are represented by the USWA. Century's collective bargaining agreement, which covers all of the represented hourly employees at Hawesville, expires March 31, 2010.

Ravenswood

The Ravenswood facility ("Ravenswood") is owned and operated by our subsidiary, Century Aluminum of West Virginia, Inc. ("Century of West Virginia"). Built in 1957, Ravenswood operates four potlines with an annual production capacity of 170,000 metric tons. The facility is located adjacent to the Ohio River near Ravenswood, West Virginia.

Metal Sales Agreements. Ravenswood produces molten aluminum that is delivered to Alcan's adjacent fabricating facility and standard-grade ingot that we sell in the marketplace. We have a contract with Alcan under which Alcan purchases 23 to 27 million pounds (approximately 10,500 to 12,250 metric tons) per month of molten aluminum produced at Ravenswood through July 31, 2007 (the "Alcan Metal Agreement"). The price for primary aluminum delivered under the Alcan Metal Agreement is variable and determined by reference to the U.S. Midwest Market Price. This contract requires us to deliver molten aluminum, which reduces our casting and shipping costs. Ravenswood also sells 10,200 mtpy of primary aluminum under a contract with Glencore (the "Glencore Metal Agreement II") through December 31, 2013. Under the Glencore Metal Agreement II, Glencore purchases 20,400 mtpy of the primary aluminum produced at the Ravenswood and Mt. Holly facilities, at a price determined by reference to the U.S. Midwest Market Price, subject to an agreed cap and floor as applied to the U.S. Midwest Premium.

Alumina. Glencore supplies the alumina used at Ravenswood under a contract that expires on December 31, 2009. The contract pricing varies based on the LME price for primary aluminum.

Power. Appalachian Power Company supplies all of Ravenswood's power requirements. Power delivered under the supply agreement is at prices set forth in published tariffs. Effective July 28, 2006, the Public Service Commission for the State of West Virginia, or PSC, approved an experimental rate design in connection with an increase in the applicable tariff rates. Power prices have some variability based upon the LME price for primary aluminum and are subject to possible adjustments in the published tariff. Under the experimental rate, Ravenswood may also be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. On May 31, 2007, an agreement was reached in the tariff rate case pending before the PSC on proposed adjustments to the tariff rate paid by Ravenswood. If approved by the PSC, the agreement would be effective July 1, 2007 and would increase by approximately 10% the special contract rate established in July 2006 for Ravenswood as a result of pollution control additions and higher than anticipated increases in fuel purchased power and capacity charges. After December 31, 2007, Ravenswood may terminate the agreement by providing 12 months' notice of termination.

Employees. The bargaining unit employees at Ravenswood are represented by the USWA. The collective bargaining agreement that covers all of the represented hourly employees at Ravenswood expires May 31, 2009.

Mt. Holly

Mt. Holly, located in Mt. Holly, South Carolina, was built in 1980 and is the most recently constructed aluminum reduction facility in the United States. The facility consists of two potlines with a total annual production capacity of 224,000 metric tons and casting equipment used to cast molten aluminum into standard-grade ingot, extrusion billet and other value-added primary aluminum products. Value-added primary aluminum products are sold at a premium to standard-grade primary aluminum. Our 49.7% interest represents approximately 111,000 metric tons of the facility's annual production capacity.

Our interest in Mt. Holly is held through our subsidiary, Berkeley Aluminum, Inc. ("Berkeley"). Under the Mt. Holly ownership structure, we hold an undivided 49.7% interest in the property, plant and equipment comprising the aluminum reduction operations at Mt. Holly and an equivalent share in the general partnership responsible for the operation and maintenance of the facility. Alcoa owns the remaining 50.3% interest in Mt. Holly and an equivalent share of the operating partnership. Under the terms of the operating partnership, Alcoa is responsible for operating and maintaining the facility. Each owner supplies its own alumina for conversion to primary aluminum and is responsible for its proportionate share of operational and maintenance costs.

Metal Sales Agreements. We have a contract to sell to Glencore 50,000 metric tons of primary aluminum produced at Mt. Holly each year through December 31, 2009 (the "Glencore Metal Agreement I"). The Glencore Metal Agreement I provides for variable pricing determined by reference to the quoted LME price of primary aluminum. We also sell an additional 10,200 mtpy of primary aluminum under the Glencore Metal Agreement II at Mt. Holly. More information on the Glencore Metal Agreement II is available under "Primary Aluminum Sales Contracts" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page S-27.

Alumina. Glencore supplies approximately 46% of our alumina requirements for Mt. Holly under a contract which expires January 31, 2008. As of January 1, 2007, under an agreement that extends through 2013, Trafigura AG provides us with 54% of Mt. Holly's alumina requirements for 2007 and will provide all of Mt. Holly's alumina requirements when our agreement with Glencore expires in 2008. The price for alumina under our contracts with Trafigura and Glencore is variable and based on the LME price for primary aluminum.

Power. Mt. Holly purchases all of its power requirements from the South Carolina Public Service Authority ("SCPSA") under a contract that runs through 2015. Power delivered through 2010 will be priced at rates fixed under currently published schedules, subject to adjustments to cover SCPSA's fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

Employees. The employees at Mt. Holly are employed by Alcoa and are not unionized.

Joint Venture Facilities

On October 1, 2004, we assumed 50% ownership of a joint venture in an alumina refinery in Gramercy, Louisiana and related bauxite mining assets in Jamaica (collectively, the "Gramercy assets").

Gramercy Alumina LLC

The alumina refinery in Gramercy, owned by GAL, began operations in 1959 and consists of a production facility, a powerhouse for steam and electricity production, a deep water dock and a barge loading facility. Extensive portions of the Gramercy plant were rebuilt and modernized between 2000 and 2002.

Alumina Operations. The Gramercy plant has an annual capacity rate of 1.2 million metric tons. Gramercy's production consists of approximately 80% smelter grade alumina and 20% alumina hydrate or chemical grade alumina. GAL sells approximately 50% of its smelter grade alumina to Hawesville at prices based on Gramercy's production costs under an alumina supply contract due to expire on December 31, 2010. All of the chemical grade alumina production is currently sold under existing short-term and long-term contracts with approximately 20 third party purchasers.

Supply Agreements. Bauxite is the principal raw material used in the production of alumina, and natural gas is the principal energy source. The Gramercy plant purchases all of its bauxite requirements from SABL under a contract that expires at the end of 2010. The Gramercy plant purchases its natural gas requirements at market prices under short-term agreements with local suppliers.

St. Ann Bauxite Limited

SABL, which owns the bauxite mining operations, is 50% owned by Century. The bauxite mining operations are comprised of: (i) a concession from the Government of Jamaica ("GOJ") to mine bauxite in Jamaica (the "mining rights") and (ii) a 49% interest in a Jamaican partnership that owns certain mining assets in Jamaica (the "mining assets"). The GOJ owns the remaining 51% interest in the partnership. The mining assets consist primarily of rail facilities, other mobile equipment, dryers, and loading and dock facilities.

Bauxite Mining Rights. Under the terms of the mining rights, SABL manages the operations of the partnership, pays operating costs and is entitled to all of its bauxite production. The GOJ receives: (i) a royalty based on the amount of bauxite mined, (ii) an annual "asset usage fee" for the use of the GOJ's 51% interest in the mining assets and (iii) certain fees for lands owned by the GOJ that are covered by the mining rights. SABL also pays to the GOJ customary income taxes and certain other fees pursuant to an agreement with the GOJ that establishes a fiscal regime for SABL. A production levy normally applicable to bauxite mined in Jamaica has been waived for SABL through December 2007. If the levy is subsequently assessed on bauxite produced by SABL, the Establishment Agreement provides that certain payments to the GOJ will be reduced and SABL and the GOJ will negotiate amendments to SABL's fiscal regime in order to mitigate the effects of the levy.

Under the terms of the mining rights, SABL mines the land covered by the mining rights and the GOJ retains surface rights and ownership of the land. The GOJ granted the mining rights and entered into other agreements with SABL for the purpose of ensuring the St. Ann facility is able to provide the Gramercy plant with sufficient reserves to meet its annual alumina requirements and existing or contemplated future obligations under third party contracts.

Under the mining rights, the GOJ has granted SABL the rights to mine 4.5 million dry metric tons of bauxite on specified lands annually through September 30, 2030. The GOJ will provide additional land if the land covered by the mining rights does not contain sufficient quantities of commercially exploitable bauxite. SABL is responsible for reclamation of the land that it mines. As of December 31, 2006, SABL's reclamation obligations amounted to approximately $8.5 million.

Customers. Approximately 50 percent of the bauxite from St. Ann is refined into alumina at the Gramercy refinery and the remainder is sold to a third party alumina refinery in Texas. SABL and GAL have a contract under which SABL will supply the Gramercy plant's bauxite requirements through December 2010. The price for bauxite under the contract is fixed through 2008.

SABL has various short-term agreements with third parties for the supply of fuel oil, diesel fuel, container leasing and other locally provided services.

Environmental Matters

We are subject to various environmental laws and regulations. We have spent, and expect to spend, significant amounts for compliance with those laws and regulations. In addition, some of our past manufacturing activities have resulted in environmental consequences which require remedial measures. Under certain environmental laws which may impose liability regardless of fault, we may be liable for the costs of remediation of contaminated property, including our current and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. We believe, based on currently available information, that our current environmental liabilities are not likely to have a material adverse effect on

Century. However, we cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas. Such future requirements may result in unanticipated costs or liabilities which may have a material adverse effect on our financial condition, results of operations or liquidity. More information concerning our environmental contingencies can be found in Note 12 to the Audited Consolidated Financial Statements included herein and under “Risk Factors” on page S-9.

Intellectual Property

We own or have rights to use a number of patents or patent applications relating to various aspects of our operations. We do not consider our business to be materially dependent on any of these patents or patent applications.

Employees

We employed a work force of approximately 1,850, consisting of 1,530 hourly employees and 320 salaried employees as of December 31, 2006; a work force of approximately 1,750, consisting of 1,460 hourly employees and 290 salaried employees as of December 31, 2005; and a work force of approximately 1,625, consisting of 1,313 hourly employees and 312 salaried employees as of December 31, 2004.

Legal Proceedings

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes the ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity. For a description of certain environmental matters to which we are subject, see Note 12 to the Audited Consolidated Financial Statements included herein and “Risk Factors” on page S-9.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On March 20, 2007, the board of directors adopted an expanded and updated written policy and written procedures for the review, approval and monitoring of transactions involving Century and its subsidiaries and "related persons." For the purposes of the policy, "related persons" include executive officers, directors and director nominees and their immediate family members, and stockholders owning five percent or greater of our outstanding stock and their family members. A copy of our related person transaction policy is available in the Investor section of our website, *www.centuryaluminum.com*, under the tab "Corporate Governance."

Our related person transaction policy is administered by the Audit Committee and applies to all related person transactions entered into after its adoption. This policy applies, subject to certain specific exclusions, to any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships in which Century or any of its subsidiaries was or is to be a participant and where any related person had or will have a direct or indirect interest. Transactions involving less than $50,000 are not subject to review and approval under the policy. In addition, the policy defines certain ordinary course transactions with Glencore that are not material and not subject to review and approval under the policy, although those transactions are otherwise reviewed and approved by our Audit Committee on a quarterly basis. Pursuant to the policy, the Audit Committee will review all covered related person transactions. Based on its consideration of all relevant facts and circumstances, along with considering whether the transaction is on terms that are fair and reasonable to Century and whether such a transaction is in the business interests of Century, the Audit Committee will decide whether or not to approve or ratify such transaction. If a related person transaction is submitted to the Audit Committee after the commencement of the transaction, the Audit Committee will evaluate all options available, including the ratification, rescission or termination of such transaction.

For a discussion of our related party transactions, see Note 15 to the Audited Consolidated Financial Statements included herein.

Approval of Transactions with Glencore in 2006

Prior to our initial public offering in April 1996, we were an indirect, wholly-owned subsidiary of Glencore. As of April 16, 2007, Glencore, our largest stockholder, owned 28.6% of our outstanding common stock. Glencore is an important business partner, as a customer, a supplier of alumina to our facilities, and as a counterparty to our hedges. During 2006, all transactions with Glencore were approved by the Audit Committee or by a special committee comprised solely of independent directors.

Mr. Craig A. Davis, the Chairman of our Board, is a director of Glencore International AG and was an executive of Glencore International AG and Glencore AG from September 1990 until June 1996.

Mr. Willy R. Strothotte, a director, is Chairman of the board of directors of Glencore International AG and served as its Chief Executive Officer from 1993 through 2001.

Purchases from Glencore

In 2006, we purchased alumina and primary aluminum from Glencore on both a spot and long-term contract basis. Such purchases, which we believe were made at market prices, totaled $185.5 million in 2006. During 2006, we purchased from Glencore all of our alumina requirements for our Ravenswood production facility and for our 49.7% interest in the Mt. Holly production facility under separate supply agreements. The supply agreements for Ravenswood and for 54% of our alumina requirements for Mt. Holly expired December 31, 2006. The supply agreement for the remaining 46% of our requirements for Mt. Holly runs through January 31, 2008. We entered into an alumina supply agreement with Glencore that will supply all of our alumina requirements for Ravenswood from January 1, 2007 until December 31, 2009.

Sales to Glencore

We sold primary aluminum to Glencore in 2006 on both a spot and long-term contract basis, at market prices. For the year ended December 31, 2006, net sales to Glencore amounted to $259.5 million, including gains and losses realized on the settlement of cash flow hedges. Sales of primary aluminum to Glencore amounted to 16.7% of our total revenues in 2006.

We have a long-term contract to sell Glencore approximately 50,000 metric tons of primary aluminum produced at Mt. Holly each year through December 31, 2009 at a variable price determined by reference to the price for primary aluminum on the LME. We have a long-term contract to sell Glencore 20,400 mtpy of primary aluminum produced at Ravenswood and Mt. Holly through December 31, 2013 at a variable price based on the LME, adjusted by a negotiated U.S. Midwest market premium with a cap and floor as applied to the current U.S. Midwest premium.

As of December 31, 2006, we had outstanding forward financial sales contracts with Glencore for 864,100 metric tons of primary aluminum, of which 128,500 metric tons were designated as cash flow hedges. These cash flow hedges are scheduled for settlement at various dates through 2008. In November 2004 and June 2005, we entered into forward financial sales contracts with Glencore for the years 2006 through 2010 and 2008 through 2015, respectively. These sales contracts, which are for a minimum of 300,600 and 460,200 metric tons of primary aluminum, respectively, over the entire term of the contracts, contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. These contracts will be settled monthly, and if the market price exceeds the ceiling price for all contract months through each contract's term, the maximum remaining additional shipment volume under each set of contracts would be 275,400 and 460,200 metric tons, respectively.

Other Transactions with Glencore

We are party to a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of capacity at Grundartangi. In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum AS for the period 2007 to 2010. Deliveries under that agreement commenced in July 2006.

MANAGEMENT

The following tables set forth information about our directors and named executive officers.

Directors

Our certificate of incorporation provides for a classified board of directors consisting of three classes as nearly equal in size as is practicable. Each class holds office until the third annual meeting for election of directors following the election of such class. The terms of office for our directors named below are as follows:

- 2008: Class III Directors, including Messrs. Davis, Fishman and Thompson;
- 2009: Class I Directors, including Messrs. Kruger, Strothotte and Berntzen; and
- 2010: Class II Directors, including Messrs. Fontaine, O'Brien and Jones.

Name	Age	Business Experience and Principal Occupation Employment During Past 5 Years; Other Directorships	Director Since
John C. Fontaine	75	Our Lead Director since 2005; Of Counsel, law firm of Hughes Hubbard & Reed LLP since January 2000 and Partner from July 1997 to December 1999; President of Knight-Ridder, Inc. from 1995 to 1997; Chairman of the Board of Trustees of the National Gallery of Art since September 2006 and a Trustee since 2003.	1996
John P. O'Brien	65	Managing Director of Inglewood Associates Inc. since 1990; Chairman of Allied Construction Products since March 1993; Director of Preformed Line Products Company since May 2004; Director of Oglebay Norton Company since April 2003; Director of International Total Services, Inc. from August 1999 to January 2003; Director of American Italian Pasta Company from 1997 to 2002; Chairman and Chief Executive Officer of Jeffrey Mining Products L.P. from 1995 to 1999; Member of the Board of Trustees of Saint Luke's Foundation of Cleveland, Ohio.	2000
Peter C. Jones	59	Director of Mizuho Corporate Bank (Canada) since December 2006; Director of IAMGOLD Corporation since May 2006; President and Chief Operating Officer of Inco Ltd. from April 2001 to November 2006; Chairman of Goro Nickel SAS from 2003 to February 2007; President Commissioner PT International Nickel Indonesia Tbk. from 1999 to December 31, 2006; and Director of Inco Ltd. from June 2002 to October 2006.	2007
Craig A. Davis	66	Chairman of the Board since August 1995; our Chief Executive Officer from August 1995 to December 2002 and from October 2003 to December 2005; Director of Glencore International AG since 1993 and Executive of Glencore from 1990 to 1996.	1995

Name	Age	Business Experience and Principal Occupation Employment During Past 5 Years; Other Directorships	Director Since
Robert E. Fishman, PhD	55	Executive Vice President of Calpine Corporation since 2001; President of PB Power, Inc. from 1998 to 2001.	2002
Jack E. Thompson	57	Director of Rinker Group Ltd. since May 2006; Director of Tidewater Inc. since 2005; Director of Phelps Dodge Corp. from January 2003 to March 2007; Director of Stillwater Mining Co. from 2002 to June 2006; Vice Chairman of Barrick Gold Corporation from 2001 to April 2005; Chairman of the Board and Chief Executive Officer of Homestake Mining Company from 1998 to 2001; director of Resource Capital Funds III & IV LLC since 2002; member of the Industry Advisory Counsil for the College of Engineering at the University of Arizona since 2002.	2005
Logan W. Kruger	56	Our President and Chief Executive Officer since December 2005; President, Asia/Pacific for Inco Limited, from September 2005 to November 2005; Executive Vice-President, Technical Services for Inco Ltd. from September 2003 to September 2005; Commissioner of PT International Nickel Indonesia Tbk from 2004 to November 2005; Chief Executive Officer of Anglo American Chile Ltda., from July 2002 to September 2003; and President and Chief Executive Officer, Hudson Bay Mining & Smelting Co., Ltd., from September 1996 until June 2002.	2005
Willy R. Strothotte	63	Chairman of the Board of Glencore International AG since 1994 and Chief Executive Officer from 1993 to December 2001; Director of Minara Resources Ltd. since 2000; Chairman of the Board of Xstrata AG (formerly Südelektra Holding AG) since 1990; Director of KKR Financial Corporation since 2007.	1996
Jarl Berntzen	40	Partner — Head of Mergers and Acquisitions, ThinkEquity Partners LLC since March 2007, and Managing Director from March 2006; Senior Vice President, Barrington Associates, LLC from April 2005 to February 2006; Founder, Berntzen Capital Management, LLC from March 2003 to April 2005; Managing Director of Providence Capital, Inc. from September 2002 to March 2003; Vice President, Mergers and Acquisitions of Goldman, Sachs & Co. from 1998 to 2001.	2006

Board and Committee Meetings; Directors' Compensation

Our Board of Directors presently consists of 9 directors. The Board, which is responsible for supervision of the overall affairs of Century, establishes corporate policies, sets strategic direction, and oversees management, which is responsible for the day-to-day operations of Century. The Board met seven times during 2006.

To assist it in carrying out its duties, the Board has established various standing committees. Each standing committee of the Board and its members are listed in the table below. The Board designates the members of each committee and the committee chair annually, based on the recommendations of the Governance and Nominating Committee. The Board has adopted written charters for each of its committees, which are available in the Investor section of our website, *www.centuryaluminum.com*, under the tab "Corporate Governance."

The table below identifies the current members of each standing committee of our Board.

Name	Audit	Compensation	Governance and Nominating
Jarl Berntzen	X		X
Robert E. Fishman	X		X
John C. Fontaine		X*	X
Peter C. Jones	X	X	
John P. O'Brien	X*	X	
Jack E. Thompson		X	X*

* Chair

Audit Committee

The Audit Committee:

- oversees the financial reporting process for which management is responsible;
- approves the engagement of the independent auditors for audit and non-audit services;
- monitors the independence of the independent auditors;
- reviews and approves all audit and non-audit services and fees;
- reviews the scope and results of the audit with the independent auditors;
- reviews the scope and results of internal audit procedures with our internal auditors;
- evaluates and discusses with the independent auditors and management the effectiveness of our system of internal accounting controls; and
- makes inquiries into other matters within the scope of its duties.

During 2006, the members of the Audit Committee were Messrs. Berntzen, Fishman, O'Brien and Thompson. Each member of the Audit Committee is "independent," as required under applicable NASDAQ listing standards and Rule 10A-3 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. In addition, the Board has determined that John P. O'Brien is an "audit committee financial expert" within the meaning set forth in regulations of the SEC. In 2006, the Audit Committee held four meetings. Effective March 20, 2007, Mr. Thompson was succeeded on the Audit Committee by Mr. Jones, who was elected as a director on March 20, 2007.

Compensation Committee

We have a Compensation Committee which is a standing committee of our Board of Directors. The Compensation Committee reviews and establishes the compensation for our executive officers and is responsible for administering and awarding grants of equity awards under our 1996 Stock Incentive Plan ("1996 Plan"), as amended. Each member of the Compensation Committee is "independent" as required under applicable NASDAQ listing standards. During 2006, the members of the Compensation Committee were Messrs. Fontaine, O'Brien and Thompson. The Committee held eight meetings in 2006. Effective March 20, 2007, Mr. Jones, who was appointed as a director, was also designated a member of the Compensation Committee for 2007.

The Compensation Committee recognizes the benefit of reviewing and modifying as appropriate Century's compensation and benefit programs, and the principles and philosophies on which these programs are based. The Compensation Committee also from time to time reviews the historical application and implementation of our compensation and benefit programs. Examples of recent Compensation Committee Actions include:

- Adopting a formal written charter (a copy of this charter is posted in the Investor section of our website, *www.centuryaluminum.com*, under the tab "Corporate Governance");
- Formalizing its historical practice of using compensation tally sheets for the named executive officers;
- Reviewing the impact of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") on the different components of our executive compensation programs; and
- Hiring an external independent compensation consultant to review the Compensation Committee's past procedures and compensation decisions.

Directors' Compensation

Directors who are full-time salaried employees of Century are not compensated for their service on the Board or on any Board committee. The Board's general policy is that compensation for non-employee directors should be a mix of cash and equity-based compensation. The Compensation Committee evaluates the appropriate level and form of compensation for non-employee directors at least annually and recommends changes to the Board when appropriate. The Board reviews the Compensation Committee's recommendations and determines the amount of director compensation.

Meeting Fees and Retainers. In August 2006, the Compensation Committee approved changes to the compensation for non-employee directors. Effective July 1, 2006, non-employee directors (other than the Chairman) receive an annual retainer of $35,000 for their services. The Chairman of the Board of Directors receives an annual retainer of $100,000. The Lead Director receives an additional $25,000 annual retainer, the Chairman of the Audit Committee receives an additional $10,000 annual retainer and the Chairman of each of the Compensation Committee and the Governance and Nominating Committee receives an additional $5,000 annual retainer. In addition, each non-employee director receives a fee of $2,000 for each Board or Board committee meeting attended. The Chairman of the Audit Committee receives an additional $1,000 per Audit Committee meeting attended.

Stock Options. Each non-employee director receives a one-time grant of options to purchase 10,000 shares of Century common stock. The options vest one-third on the grant date, and an additional one-third vest on each of the first and second anniversaries of the grant date. In addition, each non-employee director continuing in office after the Annual Meeting of Stockholders each year receives an annual grant of options that vest one-fourth on each of the three, six, nine and 12 month anniversaries of the date of grant. The options are granted on the business day following the Annual Meeting and are priced at the average of the high and low price of Century's common stock on that date.

During 2006, non-employee directors each received options to purchase 3,000 shares.

Expense Reimbursement. All directors are reimbursed for their travel and other expenses incurred in attending Board and Board committee meetings.

The following table sets forth the compensation paid to each director in 2006.

2006 Director Compensation

Name(a)	Fees Earned or Paid in Cash(b)	Option Awards(d)	All Other Compensation(g)	Total(h)
Jarl Berntzen	$ 41,750	$197,223	—	$ 238,973
Craig A. Davis	$304,000	$ 50,875	$2,297,570	$2,652,445
Robert E. Fishman	$ 70,000	$ 50,875	—	$ 120,875
John C. Fontaine	$ 95,000	$ 50,875	—	$ 145,875
John P. O'Brien	$ 87,500	$ 50,875	—	$ 138,375
Willy R. Strothotte	—	$ 50,875	—	$ 50,875
Jack E. Thompson	$ 86,500	$ 50,875	—	$ 137,375
Roman A. Bninski	$ 24,500	—	—	$ 24,500
Stuart M. Schreiber	$ 22,500	—	$ 333,209	$ 355,709

Column (a) — This column lists all non-employee directors who served on the Board during 2006. Mr. Kruger did not receive compensation for serving as a member of the Board. Messrs. Bninski and Schreiber did not stand for re-election when their terms expired in June 2006.

Column (b) — The amounts in this column reflect the retainer and meeting fees paid to each non-employee director during 2006 (other than Mr. Strothotte, who waived his right to receive cash compensation). For the period from January 1, 2006 to June 30, 2006, Mr. Davis received $250,000 for his services as Chairman of the Board. For the remainder of 2006, Mr. Davis received a retainer of $50,000, which represents the pro rated portion of the annual retainer paid to the Chairman of the Board. Mr. Davis received meeting fees, travel and other expense reimbursement and other compensation generally paid to our non-employee directors beginning July 1, 2006.

Column (d) — Amounts shown in this column reflect the dollar amount recognized for financial statement reporting purposes during 2006 in accordance with Statement of Financial Accounting Standards 123R, or FAS 123R, for equity award expenses, disregarding assumptions for the forfeiture of awards. See Note 9 of our Audited Consolidated Financial Statements included herein for the assumptions used in the valuation of these awards and related disclosures. Presented below are the grant date fair value of each option award granted in 2006 (computed in accordance with FAS 123R and using the Black-Scholes option pricing model to calculate fair value) and the aggregate number of vested and unvested stock options and stock awards held by each continuing director (other than Mr. Kruger) as of December 31, 2006:

Name	Grant Date Fair Value of 2006 Option Awards	Number of Options Outstanding as of 12/31/06	Number of Stock Awards Outstanding as of 12/31/06
Jarl Berntzen	$287,360	13,000	—
Craig A. Davis	$ 67,833	3,000	29,778(1)
Robert E. Fishman	$ 67,833	4,500	—
John C. Fontaine	$ 67,833	16,000	—
John P. O'Brien	$ 67,833	14,000	—
Willy R. Strothotte	$ 67,833	22,500	—
Jack E. Thompson	$ 67,833	9,334	—

(1) Represents the value of performance share units for the 2005-2007 performance program period which were granted to Mr. Davis when he served as our Chief Executive Officer. Our Compensation Committee will determine vesting for the 2005-2007 performance period in 2008.

Column (g) — For Mr. Davis, all other compensation includes $1,360,597 attributed to the cash value realized from the vesting of performance-based share awards, $930,000 from payments under our retirement plans, and $6,973 representing the value of a retirement gift presented by us to Mr. Davis. Pursuant to the terms of the Implementation Guidelines to our 1996 Plan, following his retirement as our Chief Executive Officer, Mr. Davis' performance-based share awards could continue to vest during our 2004-2006 and 2005-2007 performance program periods on an approximately two-thirds and one-third basis, respectively. As such, amounts included in this column include stock-based compensation that was awarded to Mr. Davis when he served as Chief Executive Officer. For Mr. Schreiber, all other compensation is comprised of (i) $4,000 in payments made to Mr. Schreiber while he served as a director in his role as a consultant to the Compensation Committee, (ii) $25,002 in consulting fees paid to Mr. Schreiber pursuant to his consulting arrangement following his service as a director, and (iii) $304,207 in executive search and placement fees paid to Integis, a corporation owned by Mr. Schreiber.

Executive Officers

Name	Age	Position and Duration; Business Experience and Principal Occupation Employment During Past 5 Years
Logan W. Kruger	56	President and Chief Executive Officer since December 2005. Prior to joining Century, Mr. Kruger served as President, Asia/Pacific for Inco Limited, from September 2005 to November 2005; Executive Vice-President, Technical Services for Inco Ltd. from September 2003 to September 2005; Chief Executive Officer of Anglo American Chile Ltd., from July 2002 through September 2003; and President and Chief Executive Officer, Hudson Bay Mining & Smelting Co., Limited, from September 1996 until June 2002.
Michael A. Bless	41	Executive Vice President and Chief Financial Officer since January 2006. Prior to joining Century, Mr. Bless served as managing director of M. Safra & Co., Inc., from February 2005 to January 2006 and Executive Vice President and Chief Financial Officer of Maxtor Corporation from August 2004 to October 2004. From August 1997 through January 2004, Mr. Bless served in a number of senior executive positions with Rockwell Automation, Inc. (formerly known as Rockwell International Corporation), a leading industrial automation hardware, software and services company, including as Senior Vice President and Chief Financial Officer from June 2001 to January 2004.
Wayne R. Hale(1)	51	Executive Vice President and Chief Operating Officer since February 28, 2007. Prior to joining Century, Mr. Hale served as Senior Vice President of Sual-Holding from April 2004 to February 2007; held various senior management positions with Kennecott Utah Copper Corporation from April 2000 to April 2004, including as Chief Operating Officer from April 2002 to April 2004; and served as President, Primary Products Division for Kaiser Aluminum & Chemical Corporation from December 1997 through 2000.

Name	Age	Position and Duration; Business Experience and Principal Occupation Employment During Past 5 Years
Robert R. Nielsen	62	Executive Vice President, General Counsel and Secretary since May 2006. Prior to joining Century, Mr. Nielsen served as Executive Vice President, General Counsel and Secretary for Tanimura and Antle, Inc. from July 2005 to April 2006, Vice President, General Counsel and Secretary for Tanimura & Antle, Inc. from March 1993 to June 2005 and Director of Dulcinea Farms, LLC from 2004 to 2005.
Steve Schneider	52	Senior Vice President, Chief Accounting Officer and Controller since June 2006, Vice President and Corporate Controller since April 2002; Corporate Controller for more than five years.
Giulio Casello	47	Senior Vice President of Business Development since September 2005. Prior to joining Century, Mr. Casello served in a number of senior positions with Alcoa World Alumina Australia from 1986 to 2005, including as Director of Western Australian Operations from January 2003 to September 2005; General Manager of Alcoa World Chemicals from April 2001 to December 2002; and Kwinana Alumina Refinery Location Manager from April 1999 to April 2001.
Peter C. McGuire	59	Vice President and Associate General Counsel since April 2002; Associate General Counsel for more than five years.
Michelle M. Lair	31	Vice President and Treasurer since February 2007, Treasurer since June 2006, Assistant Treasurer since November 2005; Corporate Financial Analyst for more than five years.

(1) On February 28, 2007, we announced that Wayne R. Hale had been appointed to succeed E. Jack Gates as Executive Vice President and Chief Operating Officer, effective March 1, 2007. Mr. Gates will continue as an employee of the Company through June 30, 2007 and will then serve as a consultant to the Company through December 31, 2007.

Management Compensation

The following table sets forth the compensation earned by our Chief Executive Officer, our Chief Financial Officer and each of our three other most highly compensated executive officers for fiscal 2006 for services rendered to us in all capacities in 2006. The table also includes Mr. Beckley, who retired from Century effective March 31, 2006, due to his having served as our Executive Vice President and Chief Financial Officer from January 1, 2006 to January 22, 2006, and Mr. Kitchen, who retired from Century effective April 30, 2006, based on his compensation earned for the fiscal year ended December 31, 2006.

Based on the fair value of equity awards granted to named executive officers in 2006 (exclusive of one-time initial employment related equity awards and changes in pension value) and the base salary of the named executive officers, "Salary" ranged between approximately 23.5% and 49.6%, and "Bonus" ranged between approximately 0% and 36.2%, respectively, of the total compensation package of the named executive officers. Because the table below reflects less than the full fiscal year salary for individuals who were not our employees for the full fiscal year and because the value of certain equity awards included below includes accrued share-based compensation expense from previous years as calculated under FAS 123(R), these percentages may not be able to be derived using the amounts reflected in the table below.

2006 Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards(2)	Option Awards(2)	Non-Equity Incentive Plan Comp	Change in Pension Value and Nonqualified Deferred Compensation	All Other Comp(11)	Total
Logan W. Kruger *President and CEO*	2006	$750,000	$562,500	$783,332(3)	$428,479(8)	—	$3,755,628	$ 65,035(12)	$6,344,974
Michael A. Bless *Executive Vice President & CFO*	2006	$352,397(1)	$262,500	$278,012(4)	$378,100(9)	—	$ 68,615	$425,698(13)	$1,765,322
E. Jack Gates *Executive Vice President & COO* (Former)	2006	$360,000	$252,000	$323,659	—	—	$ 164,153	$ 12,530	$1,112,342
Robert R. Nielsen *Executive Vice President, General Counsel & Secretary*	2006	$233,333(1)	$164,500	$251,188(5)	$449,549(10)	—	$ 177,084	$ 720	$1,276,374
Steve Schneider *Senior Vice President & CAO*	2006	$230,000	$175,000	$156,299	—	—	$ 27,131	$ 11,170(14)	$ 599,600
David W. Beckley *Executive Vice President & CFO* (Former)	2006	$148,251(1)	—	$284,808(6)	—	—	$ 60,740	$ 7,040	$ 500,839
Gerald J. Kitchen *Executive Vice President, General Counsel, Chief Administrative Officer, and Secretary* (Former)	2006	$200,168(1)	$100,000	$292,222(7)	—	—	$ 16,069	$256,620(15)	$ 865,079

(1) The amounts reflected are prorated for the portion of 2006 the executive was employed by us. Messrs. Beckley and Kitchen were full-time employees through March 31, 2007 and April 30, 2007, respectively, while Messrs. Bless and Nielsen commenced their employment on January 23, 2006 and May 1, 2006, respectively.

(2) The values reflected represent the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) for awards pursuant to the 1996 Plan and thus may include amounts from awards granted in and prior to 2006. Assumptions used in the calculation of these amounts are included in Note 9 to the Audited Consolidated Financial Statements included herein.

(3) The value reflected includes the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) for awards pursuant to the 1996 Plan for 50,000 service-based performance shares awarded to Mr. Kruger on December 14, 2005, based on the Black-Scholes fair value calculation of the award on the grant date. Mr. Kruger's restricted shares vested one-half on January 1, 2007 and will vest one-half on January 1, 2008. To the extent we pay dividends on our common stock, dividend equivalents will accrue on the restricted shares from the date of grant and will become payable upon vesting.

(4) The value reflected includes the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) for awards pursuant to the 1996 Plan for 20,000 service-based performance shares awarded to Mr. Bless on January 23, 2006, based on the Black-Scholes fair value calculation of the award on the grant date. Mr. Bless's restricted shares vested one-third on January 22, 2007, and the balance will vest equally on each of January 22, 2008 and January 22, 2009. To the extent we pay dividends on our common stock, dividend equivalents will accrue on the restricted shares from the date of grant and will become payable upon vesting.

(5) The value reflected includes the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) for awards pursuant to the 1996 Plan for 15,000 service-based performance shares awarded to Mr. Nielsen on May 1, 2006, based on the Black-Scholes fair value calculation of the award on the grant date. Mr. Nielsen's restricted shares vest one-third on each of May 1, 2007, May 1, 2008 and May 1, 2009. To the extent we pay dividends on our common stock, dividend equivalents will accrue on the restricted shares from the date of grant and will become payable upon vesting.

(6) Pursuant to the terms of the Implementation Guidelines to our 1996 Plan, following his retirement, Mr. Beckley remained a participant in our 2004-2006 and 2005-2007 performance program periods on an approximately two-thirds and one-third basis, respectively.

(7) Pursuant to the terms of the Implementation Guidelines to our 1996 Plan, following his retirement, Mr. Kitchen remained a participant in our 2004-2006 and 2005-2007 performance program periods on an approximately two-thirds and one-third basis, respectively.

(8) The value reflected represents the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) for awards pursuant to the 1996 Plan for 100,000 options to purchase our common stock awarded to Mr. Kruger on December 14, 2005, based on the Black-Scholes fair value calculation of the award on the grant date. Mr. Kruger's options vested one-third on December 14, 2006, and the balance will vest equally on each of December 14, 2007 and December 14, 2008.

(9) The value reflected represents the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) for awards pursuant to the 1996 Plan for 30,000 options to purchase our common stock awarded to Mr. Bless on January 23, 2006, based on the Black-Scholes fair value calculation of the award on the grant date. Mr. Bless's options vested one-third on January 23, 2006 and the balance will vest equally on each of January 23, 2007 and January 22, 2008.

(10) The value reflected represents the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) for awards pursuant to the 1996 Plan for 20,000 options to purchase our common stock awarded to Mr. Nielsen on May 1, 2006, based on the Black-Scholes fair value calculation of the award on the grant date. Mr. Nielsen's options vested one-third on May 1, 2006 and the balance will vest equally on each of May 1, 2007 and April 30, 2008.

(11) All other compensation is comprised of (i) matching contributions under our 401(k) Plan for each of the named executive officers (other than for Messrs. Bless and Nielsen, who did not participate in the plan) and (ii) Company-paid life insurance premiums in 2006.

(12) For Mr. Kruger, all other compensation also includes reimbursement payments of $55,300 relating to temporary housing costs, other relocation expenses and gross-ups for taxes thereon, incurred in connection with his relocation.

(13) For Mr. Bless, all other compensation also includes reimbursement payments of $424,783 relating to temporary housing costs, other relocation expenses and gross-ups for taxes thereon, incurred in connection with his relocation.

(14) For Mr. Schneider, all other compensation also includes reimbursement payments for our executive medical wellness program.

(15) For Mr. Kitchen, all other compensation also includes $243,751 in compensation paid pursuant to his Consulting Agreement, which was effective at the time of his retirement, and $7,160 representing the value of a retirement gift presented by us to Mr. Kitchen. A copy of Mr. Kitchen's Consulting Agreement was filed as Exhibit 10.12 to our Quarterly Report on Form 10-Q for the period ended June 30, 2005.

Grants of Plan Based Awards

The following table sets forth information regarding the estimated future payouts under our 1996 Plan to our named executive officers.

2006 Grants of Plan Based Awards Table

		Estimated Future Payouts Under Equity Incentive Plan Awards							
Name	Grant Date	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: # of Shares of Stock	All Other Option Awards: # of Underlying Options	Exercise or Base Price of Option Awards(7)	Grant Date Stock Closing Price	Grant Date Fair Value of Stock and Option Award(8)
Logan W. Kruger . . .	June 9, 2006	—	8,044	40,222(1)(2)	—	—	—	—	$224,991
	June 9, 2006	—	16,595	41,486(1)(3)	—	—	—	—	$450,007
	June 9, 2006	—	15,087	25,145(4)	—	—	—	—	$674,992
Michael A. Bless . . .	June 9, 2006	—	3,575	20,111(1)(2)	—	—	—	—	$ 99,993
	June 9, 2006	—	7,375	20,743(1)(3)	—	—	—	—	$199,988
	June 9, 2006	—	6,705	12,573(4)	—	—	—	—	$299,982
	January 23, 2006	—	—	—	20,000(5)	—	—	—	$598,400
	January 23, 2006	—	—	—	—	30,000(5)	$29.92	$29.75	$554,400
E. Jack Gates	June 9, 2006	—	6,437	12,070(4)	—	—	—	—	$287,991
Robert R. Nielsen . .	June 9, 2006	—	3,128	18,770(1)(2)	—	—	—	—	$ 87,490
	June 9, 2006	—	6,453	19,360(1)(3)	—	—	—	—	$174,986
	June 9, 2006	—	5,867	11,734(4)	—	—	—	—	$262,490
	May 1, 2006	—	—	—	15,000(6)	—	—	—	$714,150
	April 28, 2006	—	—	—	—	25,000(6)	$47.61	$47.61	$749,500
					—				
Steve Schneider	June 9, 2006	—	3,911	8,382(4)	—	—	—	—	$174,978
David W. Beckley . .	—	—	—	—	—	—	—	—	—
Gerald J. Kitchen . . .	—	—	—	—	—	—	—	—	—

(1) When an employee first becomes a participant and therefore eligible for performance share awards, they also become eligible to participate in awards for prior performance program periods on a rolling basis, based on the percentage of the relevant performance program period during which they served. These awards for prior years are determined based on the same price per share for Century common stock used for other award participants for the relevant performance program period. Messrs. Kruger, Bless and Nielsen first became a participant and eligible for performance share awards on June 9, 2006.

(2) The amounts shown represent the number of performance share units awarded to the named executive officer for the 2004-2006 performance program period. On March 19, 2007, our Compensation Committee approved a 65% vesting of the performance share units for the 2004-2006 performance program period, resulting in the awards of 5,229, 2,324, 5,578, 2,033, 2,475, 3,951 and 3,793, respectively, of shares of our common stock to Messrs. Kruger, Bless, Gates, Nielsen, Schneider, Kitchen and Beckley.

(3) The amounts shown represent the number of performance share units awarded to the named executive officer for the 2005-2007 performance program period which performance program period will be considered by our Compensation Committee in 2008.

(4) The amounts shown represent the number of performance share units awarded to the named executive officer for the 2006-2008 performance program period which performance program period will be considered by our Compensation Committee in 2009.

(5) Upon his employment with Century, Mr. Bless received 20,000 service-based performance shares, and options to purchase 30,000 shares of our common stock with a grant price equal to $29.915, which was the average of the high and low sales price for our common stock on NASDAQ on the grant date.

(6) Upon his employment with Century, Mr. Nielsen received 15,000 service-based performance shares, and options to purchase 25,000 shares of our common stock with a grant price equal to $47.61, which was the average of the high and low sales price for our common stock on NASDAQ on the grant date.

(7) Our 1996 Plan provides that options are granted at not less than the "fair market value" of the shares subject to such option, which is defined in the Plan as the average of the high and low sales price for shares of our common stock on the grant date. Mr. Nielsen's employment agreement provides that the exercise price for his options will equal the closing price of our common stock on April 28, 2006, the last trading day immediately before his employment start date. The average of the high and low sales price for shares of our common stock on April 28, 2006 was $46.72.

(8) The values reflected represent the grant date fair value of the awards determined in accordance with FAS 123(R).

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding equity awards for our named executive officers as of December 31, 2006.

2006 Outstanding Equity Awards at Fiscal Year-End Table

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(7)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(7)
Logan W. Kruger	33,333	66,667(1)	—	$23.98	12/14/2015	50,000(4)	$2,232,500	8,044(8) 16,595(9) 15,087(10)	$359,165 $740,967 $673,635
Michael A. Bless	9,999	20,001(2)	—	$29.92	1/23/2016	20,000(5)	$ 893,000	3,575(8) 7,375(9) 6,705(10)	$159,624 $329,294 $299,378
E. Jack Gates	—	—	—	—		—	$ —	8,581(8) 9,588(9) 6,437(10)	$383,142 $428,104 $287,412
Robert R. Nielsen	8,333	16,667(3)	—	$47.61	5/1/2016	15,000(6)	$ 669,750	3,128(8) 6,453(9) 5,867(10)	$139,665 $288,126 $261,962
Steve Schneider	—	—	—	—		—	—	3,808(8) 4,204(9) 3,911(10)	$170,027 $187,709 $174,626
David W. Beckley	—	—	—	—		—	—	5,835(8) 3,553(9)	$260,533 $158,619
Gerald J. Kitchen	—	—	—	—		—	—	6,095(8) 3,804(9)	$272,142 $169,842

(1) The options vest equally on each of December 14, 2007 and December 14, 2008.

(2) The options vest equally on each of January 23, 2007 and January 22, 2008.

(3) The options vest equally on each of May 1, 2007 and April 30, 2008.

(4) The service-based performance shares vested one-half on January 1, 2007 and will vest one-half on January 1, 2008.

(5) The service-based performance shares vested one-third on January 22, 2007, and will vest one-third on each of January 22, 2008 and January 22, 2009.

(6) The service-based performance shares vest one-third on each of May 1, 2007, May 1, 2008 and May 1, 2009.

(7) Based on the closing market price for shares of our common stock of $44.65 on December 29, 2006, the last trading day for the fiscal year ended December 31, 2006.

(8) The amounts shown represent the number of performance share units awarded to the named executive officer for the 2004-2006 performance program period. On March 19, 2007, our Compensation Committee approved a 65% vesting of the performance share units for the 2004-2006 performance program period, resulting in the awards of 5,229, 2,324, 5,578, 2,033, 2,475, 3,951 and 3,793, respectively, of shares of our common stock to Messrs. Kruger, Bless, Gates, Nielsen, Schneider, Kitchen and Beckley.

(9) The amounts shown represent the number of performance share units awarded to the named executive officer for the 2005-2007 performance program period which performance program period will be considered by our Compensation Committee in 2008.

(10) The amounts shown represent the number of performance share units awarded to the named executive officer for the 2006-2008 performance program period which performance program period will be considered by our Compensation Committee in 2009.

Pension Benefits

We maintain both the Qualified Plan and the Supplemental Retirement Income Benefit Plan (“SERP”) as retirement plans for our U.S. based salaried employees. The Qualified Plan provides lifetime annual benefits starting at age 62 equal to 12 multiplied by the greater of: (i) 1.5% of final average monthly compensation multiplied by years of credited service (up to 40 years), or (ii) $22.25 multiplied by years of credited service (up to 40 years), less the total monthly vested benefit payable as a life annuity at age 62 under plans of a predecessor. We determine final average monthly compensation under the qualified plans as the highest monthly average for 36 consecutive months in the 120-month period ending on the last day of the calendar month completed at or prior to a termination of service. Participants’ pension rights vest after a five-year period of service, or earlier if the participant has reached the age of 62. An early retirement benefit (actuarially reduced beginning at age 55) and a disability benefit are also available. The compensation covered by the plan includes all compensation, subject to certain exclusions, before any reduction for 401(k) contributions, subject to the maximum limits under the Code.

The SERP provides selected senior executives with supplemental benefits in addition to those benefits they are entitled to receive under the Qualified Plan.

The following table sets forth the present value of accumulated benefits payable to each of the named executive officers, including the number of years of service credited to each such named executive officer, under the Qualified Plan and the SERP, determined using interest rate and mortality rate assumptions consistent with those used in our financial statements.

2006 Pension Benefits Table

Name	Plan	Number of Years Credited	Present Value of Accumulated Benefit(1)	Payments During Last Fiscal Year
Logan W. Kruger	Non-Contributory Defined Pension Plan	1	$ 205,470	—
	Supplemental Retirement Income Benefit Plan (SERP)	1	$5,996,628(2)	—
Michael A. Bless	Non-Contributory Defined Pension Plan	1	$ 68,615	—
	Supplemental Retirement Income Benefit Plan (SERP)	1	—	—
E. Jack Gates(3)	Non-Contributory Defined Pension Plan	6	$ 205,435	—
	Supplemental Retirement Income Benefit Plan (SERP)	6	$ 250,163	—
Robert R. Nielsen(3)	Non-Contributory Defined Pension Plan	1	$ 177,084	—
	Supplemental Retirement Income Benefit Plan (SERP)	1	—	—
Steve Schneider	Non-Contributory Defined Pension Plan	6	$ 125,871	—
	Supplemental Retirement Income Benefit Plan (SERP)	—	—	—
David W. Beckley	Non-Contributory Defined Pension Plan	11	$2,189,656	$125,000
	Supplemental Retirement Income Benefit Plan (SERP)	11	$1,221,327	$ 70,000
Gerald J. Kitchen	Non-Contributory Defined Pension Plan	11	$2,050,462	$110,000
	Supplemental Retirement Income Benefit Plan (SERP)	11	$1,582,558	$ 85,000

(1) Includes amounts that the named executive officer may not currently be entitled to receive because such amounts are not vested.

(2) When determining present value, vesting is ignored. However, Mr. Kruger's right to participate in the Enhanced SERP benefit begins on the fifth anniversary of his employment date and vests 20 percent each year thereafter. In the absence of a change-in-control of Century, only if Mr. Kruger remains employed by Century for a period of 10 years would he fully vest in his Enhanced SERP benefit. If vesting were considered for the Enhanced SERP benefit only, the present value of his benefit under the SERP would be approximately $2,275,000.

(3) As of December 31, 2006, of our named executive officers employed by us on that date, only Messrs. Gates and Nielsen were eligible to retire and begin receiving a benefit under our retirement plans.

Employment Agreements

Historically it has been our practice to enter into employment agreements with officers at the executive vice president level and above. The terms of these agreements, including base salary, initial equity grants, minimum guaranteed bonuses, participation in Century benefit plans and other benefits, are approved by the Compensation Committee. The amounts and types of such compensation are negotiated terms with each officer. When reviewing and negotiating these terms, the Compensation Committee is provided with market data by its compensation consultants and considers practices of peer companies and, if applicable, compensation earned and/or forfeited by the officer at a previous employer. In 2006, the Compensation Committee approved employment agreements with Messrs. Bless and Nielsen in connection with the commencement of their employment with Century.

Our employment agreement with Logan W. Kruger, our President and Chief Executive Officer, is made as of December 13, 2005, and extends through December 31, 2008; however beginning on January 1, 2008, and on each January 1 thereafter, unless timely notice of termination is delivered by a party pursuant to the terms of the employment agreement, the period of employment is automatically extended for successive three-year periods. Under the terms of his employment agreement, Mr. Kruger will receive a minimum base salary of $750,000 per year, which amount is subject to increase from time to time at the discretion of the Compensation Committee. Mr. Kruger is also eligible to receive an annual performance-based cash bonus under our incentive compensation plan, subject to the discretion of the Compensation Committee. Mr. Kruger's agreement provided that his annual cash bonus for 2006 would be no less than $325,000. Under the terms of his agreement, Mr. Kruger is also eligible to receive stock option grants and performance share awards under the 1996 Plan and to participate in the SERP.

We also had an employment agreement with Mr. E. Jack Gates, effective October 14, 2003, as amended December 8, 2005, that provided for a term of employment through December 31, 2006. Under the terms of his employment agreement, Mr. Gates received a minimum base salary of $342,500 per year, which could be increased from time to time at the discretion of the Compensation Committee. Mr. Gates was also eligible to receive an annual performance-based cash bonus under Century's incentive compensation plan, subject to the discretion of the Compensation Committee, and was eligible to receive stock option grants and performance share awards under the 1996 Plan and to participate in the SERP. Effective March 1, 2007, Wayne R. Hale succeeded Mr. Gates as our Executive Vice President and Chief Operating Officer. At that time, we entered into a letter agreement with Mr. Gates which provided that Mr. Gates would continue as an employee through June 30, 2007, when he will retire. Following his retirement, Mr. Gates has agreed to serve as our consultant through December 31, 2007. Mr. Gates will be paid a minimum of $70,000 during the consulting term, which will compensate Mr. Gates for providing consulting services for up to an aggregate of 35 days. Mr. Gates will be paid an additional $2,000 for each day during the consulting term he provides consulting services in excess of 35 days.

We entered into an employment agreement with Michael A. Bless, effective January 23, 2006, the date Mr. Bless succeeded Mr. Beckley as Executive Vice President and Chief Financial Officer. On May 1, 2006, we entered into an employment agreement with Robert R. Nielsen, the day Mr. Nielsen succeeded Mr. Kitchen as Executive Vice President, General Counsel and Secretary. Our employment agreements with Messrs. Bless and Nielsen extend through December 31, 2008; however beginning on January 1, 2008, and on each January 1 thereafter, unless timely notice of termination is delivered by a party pursuant to the terms of the employment agreement, the period of employment is automatically extended for successive three-year periods. These agreements provide that the base salaries paid to Messrs. Bless and Nielsen shall not be reduced below $375,000 and $350,000 per year, respectively, and shall be subject to increase from time to time at the discretion of the Compensation Committee. Mr. Bless and Mr. Nielsen will each be eligible to receive an annual performance-based cash bonus under our incentive compensation plan, subject to the discretion of the Compensation Committee. The agreements provide that the 2006 annual cash bonuses for Messrs. Bless and Nielsen would be no less than $187,500 and $122,500, respectively. In addition, Messrs. Bless and Nielsen received options to purchase 30,000 and 25,000 shares, respectively, of our common stock and one-time grants of 20,000 and 15,000, respectively, service-based performance shares. Messrs. Bless and Nielsen are also eligible for stock option grants and performance share awards under the 1996 Plan and participation in the SERP.

Our employment agreements with Messrs. Kruger, Bless, Gates and Nielsen each provide that upon termination of employment for any reason other than voluntary resignation, death or "for cause", the terminated executive will be entitled to receive termination payments equal to 100% of his base salary and bonus (based on the highest annual bonus payment within the prior three years) for the remainder of the term of the agreement (with a minimum of one year's salary plus bonus). If the executive is terminated as a result of the executive's disability, the payments due to the executive will be reduced by any payments he receives under our disability plans. Also, any termination payments under the employment agreements may not be duplicated under the severance compensation agreements. Prior to their retirement, our employment agreements with Messrs. Beckley and Kitchen contained similar terms.

Post-Termination Compensation and Benefits

Savings Plan

We maintain our Century Aluminum 401(k) Plan. This savings plan is a tax qualified retirement savings plan pursuant to which our U.S. based salaried employees, including our named executive officers, are able to contribute a percentage, up to the limits prescribed by the Internal Revenue Service, of their annual compensation on a pre-tax basis. In 2006, we matched 60% of the first 6% of pay that is contributed to the savings plan. Prior to January 1, 2007, all matching contributions vested after 2 years of service with Century. Beginning January 1, 2007, we will match 100% of the first 3% of pay that is contributed to the savings plan and 50% of the next 2% of pay contributed, and all matching contributions will be fully vested on contribution.

Retirement Plans

We also maintain a non-contributory defined benefit pension plan for our U.S. based salaried employees who meet certain eligibility requirements, which we refer to as our Qualified Plan. We also have adopted a Supplemental Retirement Income Benefit Plan, or "SERP." The SERP is a supplemental plan that provides selected senior executive officers with enhanced benefits to those provided under our Qualified Plan. Those supplemental benefits include an unfunded additional amount equal to the amount that would normally be paid under our Qualified Plan if there were no limitations under Sections 415 and 401(a)(17) of the Code. Final average monthly compensation for purposes of calculating the supplemental benefit will be based on the greater of (a) projected final annual compensation, assuming specified annual increases until retirement age, or (b) the average of the highest three years' annual compensation over the last 10 years of employment. Messrs. Kruger, Bless, Gates, and Nielsen were eligible to participate in these benefits in 2006.

The SERP also permits selected senior executives to achieve estimated levels of retirement income when, due to the executive's age and potential years of service at normal retirement age, benefits under our existing qualified and nonqualified defined benefit pension plans are projected to be less than a specified percentage of the executive's estimated final average annual compensation (the "Enhanced SERP"). Mr. Kruger is the only named executive officer currently eligible to participate in the Enhanced SERP, and his eligibility is subject to certain vesting requirements. Mr. Kruger's right to participate in the Enhanced SERP benefit begins on the fifth anniversary of his employment date and vests 20 percent each year thereafter. If Mr. Kruger remains employed by Century for a period of 10 years he will be fully vested in his Enhanced SERP benefit. When fully vested, Mr. Kruger's Enhanced SERP benefit will be approximately 50% of his final average compensation.

Other Post-Termination Benefits

Selected senior executive officers may also receive benefits triggered by death, disability or termination without cause. Century has designed these benefits to be competitive with industry standards to attract and retain talented executive and management level personnel.

It is Century's policy that accelerated benefits for executive officers should not be triggered in circumstances where the executive is terminated for cause or resigns voluntarily.

Change in Control

Our policy is to provide change in control protection to our named executive officers based on competitive practice in the industry. Change in control provisions are contained in various named executive officer employment agreements, long-term compensation agreements, retirement plans and severance protection agreements. Our industry has been subject to consolidation and reorganizations in recent times. Change in control protection provides a method to attract and retain executives who are unlikely to be retained by the acquiring entity upon a change in control. In addition, change in control protections are designed to maximize stockholder value by creating incentives for named executive officers to explore strategic transactions and work to bring such transactions to fruition if appropriate.

Corporate Governance

We are subject to corporate governance laws, rules and regulations of the State of Delaware, NASDAQ and the SEC; we believe that we are in compliance with such laws, rules and regulations. Except as described in this prospectus supplement and the accompanying prospectus, there are no potential conflicts of interest between any duties to Century by any director or executive officer and their private interests or other duties. The business address for each of our directors and executive officers named above is c/o Century Aluminum Company, 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940.

Security Ownership of Directors and Executive Officers

The following table sets forth certain information concerning the beneficial ownership of our common stock as of April 16, 2007 by: (i) each of our current directors, (ii) each executive officer named in the Summary Compensation Table above, and (iii) all of our directors and executive officers as a group. No director or executive officer beneficially owned more than 1% of our outstanding common stock. All of our directors and executive officers as a group beneficially owned 1.1% of our outstanding common stock.

	Amount and Nature of Beneficial Ownership[1]		
Name	Common Stock	Restricted Shares[2]	Exercisable Stock Options[3]
David W. Beckley	11,551	8,526	—
Jarl Berntzen	—	—	9,666
Michael A. Bless	6,607	14,080	19,998
Craig A. Davis	106,244[4]	29,778	3,000
Robert E. Fishman	—	—	4,500
John C. Fontaine	250[5]	—	16,250
E. Jack Gates	23,524	16,025	—
Peter C. Jones	—	—	3,333
Gerald J. Kitchen	15,179	8,600	—
Logan W. Kruger	10,228	31,682	13,333
Robert R. Nielsen	2,140	12,320	8,333
John P. O'Brien	5,000	—	14,000
Steve Schneider	1,490	8,155	—
Willy R. Strothotte	—[4]	—	22,500
Jack E. Thompson	3,500	—	9,334
All directors and executive officers as a group (19 persons)	189,121[4]	146,505	157,348

(1) Each individual has sole voting and investment power, except as otherwise indicated.

(2) Includes the target level of shares of common stock issuable upon vesting of performance shares awarded to certain executive officers under our 1996 Plan. Vesting is based upon achievement of specified performance targets. Award recipients do not have voting or investment power with respect to performance shares until vesting. Dividend equivalents accrue and are paid upon vesting of the performance shares.

(3) Represents shares that are subject to options that are presently exercisable or exercisable within 60 days of April 16, 2007.

(4) Excludes 9,320,089 shares beneficially owned by Glencore, for which Mr. Strothotte serves as Chairman and Mr. Davis serves as a director.

(5) Mr. Fontaine owns 250 shares jointly with his wife.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information concerning the beneficial ownership of our common stock as of April 16, 2007 (except as otherwise noted) by each person known by us to be the beneficial owner of five percent or more of the outstanding shares of our common stock. The SEC requires any person who acquires beneficial ownership of five percent or more of the outstanding shares of our common stock to publicly disclose such ownership and certain other information. The percent of class shown below is based on the 32,585,080 shares of common stock outstanding as of April 16, 2007.

We understand that Glencore has subscribed to a significant portion of this offering which is approximately proportional to its present ownership interest in us.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Glencore International AG(2)	9,320,089(2)	28.6
Guardian Life Insurance Company of America(3)	3,121,437(3)	9.6
Prudential Financial, Inc(4)	1,863,899(4)	5.7
Citadel Limited Partnership(5)	1,816,395(5)	5.6

(1) Each entity has sole voting and investment power, except as otherwise indicated.

(2) Based on information set forth in a Schedule 13D filing dated May 25, 2004, Glencore International AG beneficially owns such shares through its subsidiary, Glencore AG. The principal business address of each of Glencore International AG and Glencore AG is Baarermattstrasse 3, P.O. Box 555, CH 6341, Baar, Switzerland.

(3) Based on information set forth in a Schedule 13G filed on February 9, 2007, by Guardian Life Insurance Company ("Guardian"), Guardian Investor Services LLC ("GIS"), and RS Investment Management Co. LLC ("RIMC") (collectively, the "Guardian Reporting Persons"). Guardian is an insurance company and the parent company of GIS and RIMC. GIS is a registered investment adviser, a registered broker-dealer, and the parent company of RIMC, a registered investment adviser. The Guardian Reporting Persons each share voting and investment power over 3,121,437 shares. The business address of the Guardian Reporting Persons is 7 Hanover Square, New York, New York 10004.

(4) Based on information set forth in a Schedule 13G filed on February 9, 2007, Prudential Financial, Inc. ("Prudential") shares voting and investment power with respect to 1,713,797 shares. The shares reported by Prudential are held for Prudential's benefit or for the benefit of its clients. The principal business address of Prudential is 751 Board Street, Newark, New Jersey 07102. 1,790,102 shares reported as beneficially owned by Prudential are reported as beneficially owned by Jennison Associates LLC ("Jennison"), a wholly-owned subsidiary of Prudential, in a Schedule 13G filed by Jennison on February 13, 2007. Jennison, which shares investment power with respect to all 1,790,102 shares, beneficially owns such shares in its capacity as an investment advisor. The business address of Jennison is 466 Lexington Avenue, New York, New York 10017.

(5) Based on information set forth in a Schedule 13G filed on March 6, 2007, Citadel Limited Partnership shares voting and investment power with respect to all of the reported shares with Citadel Derivatives Group LLC, Citadel Equity Fund Ltd., Citadel Investment Group, L.L.C. and Kenneth Griffin (collectively, the "Citadel Reporting Persons"). The business address for the Citadel Reporting Persons is 131 S. Dearborn Street, 32nd Floor, Chicago, Illinois 60603.

CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of certain United States federal income tax consequences of the ownership and disposition of our common stock to a "non-U.S. holder" (as defined below) that is not the beneficial owner of, and is not deemed to own, more than 5% of our common stock.

This discussion is based on current provisions of the Code, and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion assumes that non-U.S. holders will hold our common stock issued pursuant to the offering as a capital asset (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. holders in light of their particular tax status or circumstances. For example, United States expatriates, life insurance companies, tax-exempt organizations, dealers in securities or currency, banks or other financial institutions, pass-through entities, trusts, estates, and investors that hold common stock as part of a hedge, straddle or conversion transaction are among those categories of potential investors that are subject to special rules not covered in this discussion. In addition, this discussion does not address tax consequences to a holder of the use of a functional currency other than the United States dollar. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction or any taxes other than income taxes. Prospective holders are urged to consult their tax advisors with respect to the particular tax consequences to them of owning and disposing of our common stock, including the consequences under the laws of any state, local or foreign jurisdiction.

For the purpose of this discussion, a non-U.S. holder is any individual, corporation, estate or trust that is a beneficial holder of our common stock and that for United States federal income tax purposes is not a United States person. For purposes of this discussion, the term United States person means:

- an individual citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust (i) whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust, or (ii) which has made an election to be treated as a United States person.

If a partnership (or an entity treated as a partnership for United States federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Accordingly, we urge partnerships that hold our common stock and partners in such partnerships to consult their tax advisors.

A "non-U.S. holder" does not include an individual who is present in the United States for 183 days or more in the taxable year of disposition and is not otherwise a resident of the United States for U.S. federal income tax purposes. Such an individual may be subject to special rules and is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of our common stock.

Investors considering the purchase of common stock should consult their tax advisors regarding the application of the U.S. federal income tax laws to their particular situations and the consequences of U.S. federal estate and gift tax laws, foreign, state and local laws, and tax treaties.

Dividends

Distributions on our common stock, if any, generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's adjusted tax basis in the common stock, but not below zero, and then the excess, if any, will be treated as gain from the sale of the common stock.

Dividends paid to a non-U.S. holder of common stock generally will be subject to United States withholding tax at a 30% rate or at a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding, a non-U.S. holder will be required to provide an Internal Revenue Service Form W-8BEN certifying its entitlement to benefits under a treaty.

The withholding tax does not apply to dividends paid to a non-U.S. holder that provides a Form W-8ECI, certifying that the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States. Instead, the effectively connected dividends will be subject to regular U.S. income tax as if the non-U.S. holder were a U.S. resident, unless an applicable income tax treaty provides otherwise. In that case, the 30% withholding tax described above will not apply, provided the non-U.S. Holder complies with applicable certification and disclosure requirements. If a non-U.S. holder is eligible for the benefits of a tax treaty between the United States and its country of residence, any dividend income that is effectively connected with the conduct of a United States trade or business will be subject to United States federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the non-U.S. holder in the United States and the non-U.S. holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN. A non-U.S. corporation receiving effectively connected dividends may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or at an applicable lower treaty rate).

A non-U.S. holder may obtain a refund from the IRS to the extent that the amounts withheld as described above exceed that holder's tax liability if an appropriate claim for refund is timely filed with the IRS.

Special certification requirements and other requirements apply to certain non-U.S. holders that are entities rather than individuals.

Gain on Disposition of Common Stock

A non-U.S. holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of our common stock unless:

- the gain is effectively connected with the conduct of a trade or business of the non-U.S. holder in the United States, subject to an applicable treaty providing otherwise; or
- we are or have been a "U.S. real property holding corporation" (as defined in the Code), at any time within the five-year period preceding the disposition or the non-U.S. holder's holding period, whichever period is shorter, and our common stock has ceased to be regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs. The determination of whether we are a U.S. real property holding corporation depends on the fair market value of our United States real property interests relative to the fair market value of our other trade or business assets and foreign real property interests.

We believe that we currently are not, and we do not anticipate becoming, a U.S. real property holding corporation for United States federal income tax purposes.

If the first exception applies, generally the non-United States holder will be required to pay United States federal income tax on the net gain derived from the sale in the same manner as a United States person. If a non-United States Holder is eligible for the benefits of a tax treaty between the United States and its country of residence, any such gain will be subject to United States federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such gain is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the non-U.S. holder in the United States and the non-U.S. holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN (or suitable successor form). Additionally, non-U.S. holders that are treated for United States federal income tax purposes as corporations and that are engaged in a trade or business or have a permanent establishment in the United

States may be subject to a branch profits tax on such income at a 30% rate or a lower rate if so specified by an applicable income tax treaty.

Information Reporting Requirements and Backup Withholding

Information returns will be filed with the Internal Revenue Service in connection with payments of dividends and the proceeds from a sale or other disposition of common stock. Subject to certain exceptions, a similar report is sent to the holder. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

You may have to comply with certification procedures to establish that you are not a United States person in order to avoid information reporting and backup withholding tax requirements. The certification procedures required to claim a reduced rate of withholding under a treaty generally will satisfy the certification requirements necessary to avoid the backup withholding tax as well.

Additional information reporting and backup withholding may apply in the case of dispositions of our common stock by non-United States brokers effected through certain brokers or a United States office of a broker. Such information reporting and backup withholding can be avoided by providing the certification described above to such paying agent.

The backup withholding rate currently is 28%. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Non-U.S. holders should consult their own tax advisors on the application of information reporting and backup withholding to them in their particular circumstances (including upon their disposition of our common stock).

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. Incorporated are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, the number of shares indicated below:

Name	Number of Shares
Credit Suisse Securities (USA) LLC	3,060,000
Morgan Stanley & Co. Incorporated	2,040,000
Kaupthing Bank hf.	825,000
Landsbanki Islands hf.	825,000
Kaupthing Securities, Inc.	500,000
Total	7,250,000

The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus supplement if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus supplement and part to certain dealers at a price that represents a concession not in excess of $1.54 a share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We are also offering shares of common stock in Iceland represented by global depositary receipts, or depositary receipts, with one depositary receipt representing one share of common stock. Any shares of our common stock represented by depositary receipts offered and sold in Iceland will be offered and sold solely by the Icelandic Co-Managers of this offering, Kaupthing Bank hf. and Landsbanki Islands hf., to institutional investors.

Kaupthing Bank hf. and Landsbanki Islands hf. are not SEC-registered broker-dealers, and therefore shall not make sales of any shares in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations, including the rules of the National Association of Securities Dealers.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an aggregate of 1,087,500 additional shares of common stock at the public offering price set forth on the cover page of this prospectus supplement, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus supplement. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us, and the proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 1,087,500 shares of common stock:

	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	$52.5000	$380,625,000	$437,718,750
Underwriting discounts and commissions	$ 2.5725	$ 18,650,625	$ 21,448,219
Proceeds, before expenses, to Century Aluminum	$49.9275	$361,974,375	$416,270,531

The estimated offering expenses payable by us, in addition to the underwriting discounts and commissions, are approximately $1,875,000 which includes legal, accounting and printing costs and various other fees associated with registering and listing the common stock.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

We have agreed, together with each of our directors, executive officers and Glencore, that without the prior written consent of the representatives on behalf of the underwriters, none of us will, during the period ending 90 days after the date of this prospectus supplement:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to:

- the sale of shares to the underwriters;
- transactions by any person other than us relating to shares of our common stock or other securities acquired in open market transactions after the completion of the offering of the shares;
- the cashless exercise of outstanding options that will expire during the 90-day restricted period described above that does not involve the sale or transfer of shares other than to us and provided that the shares received upon such exercise remain subject to the restrictions above;
- the transfer of shares of our common stock as bona fide gifts or to a trust, provided that the transferred shares remain subject to the restrictions above and the seller is not required to file a Form 4 under the Exchange Act;
- sales or other dispositions of shares of common stock to us to discharge tax withholding obligations resulting from the vesting of performance options during the term of the period ending 90 days after the date of this prospectus supplement; provided that the aggregate number of shares withheld by us for all persons subject to these restrictions does not exceed 100,000 shares of common stock;
- the grant or award of stock options, performance shares or other stock-based compensation under our 1996 Plan or Non-Employee Directors Stock Plan as in effect on the date of this prospectus supplement; or
- the issuance by us of shares of common stock upon the exercise of an option or warrant or the conversion of a security or upon the vesting of performance shares or restricted stock outstanding on the date of this prospectus supplement.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock, for a period of 30 calendar days starting on the first day of trading. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over allotment option. The underwriters can close out a covered short sale by exercising the over allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over allotment option. The underwriters may also sell shares in excess of the over allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in the offering, if the syndicate repurchases previously distributed common stock to cover syndicate short positions or to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Credit Suisse Securities (USA) LLC, as the stabilizing agent, or its agents, will engage in any such activities on behalf of the underwriters.

Kaupthing Bank hf. and Landsbanki Islands hf. will engage in market-making activities in Iceland with respect to the depositary receipts. From time to time, each underwriter has provided, and continues to provide, investment banking services to us. An affiliate of Credit Suisse Securities (USA) LLC is a lender under our revolving credit facility and the credit facility for our Icelandic subsidiaries. Kaupthing Bank hf. and Landsbanki Islands hf. are lenders and agents under the credit facility for our Icelandic subsidiaries, provide us with customary commercial banking services and have provided us with listing advisory services in connection with our offering of depositary receipts in Iceland. Landsbanki Islands hf. is acting as our certified advisor in connection with the listing of the depositary receipts on the First North Iceland market.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format will be made available on the web sites maintained by one or more of the underwriters participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distribution will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

Each of the underwriters has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the United Kingdom's Financial Services and Markets Act 2000, or "FSMA") to persons who have professional experience in matters relating to investments falling with Article 19(5) of the FSMA (Financial Promotion) Order 2005 or in circumstances in which section 21 of the FSMA does not apply to us; and

- it has complied with, and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area ("EEA") (except for Iceland) which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") our common stock may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of common stock shall result in a requirement for the publication by Century Aluminum or the underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of securities described in this prospectus supplement and the accompanying prospectus located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

As used above, the expression "offered to the public" in relation to any of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our common stock to be offered so as to enable an investor to decide to purchase any of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out herein.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the common stock in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of common stock are made. Any resale of the common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the common stock.

Representations of Purchasers

By purchasing common stock in Canada and accepting a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the common stock without the benefit of a prospectus qualified under those securities laws;
- where required by law, that the purchaser is purchasing as principal and not as agent;
- the purchaser has reviewed the text above under "Resale Restrictions"; and
- the purchaser acknowledges and consents to the provision of specified information concerning its purchase of the common stock to the regulatory authority that by law is entitled to collect the information.

Further details concerning the legal authority for this information is available on request.

Rights of Action — Ontario Purchasers Only

Under Ontario securities legislation, certain purchasers who purchase a security offered by this prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the common stock, for rescission against us in the event that this prospectus contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the common stock. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the common stock. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the common stock was offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the common stock as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the common stock in their particular circumstances and about the eligibility of the common stock for investment by the purchaser under relevant Canadian legislation.

LEGAL MATTERS

The validity of the common stock offered through this prospectus will be passed upon for us by Pillsbury Winthrop Shaw Pittman LLP, San Francisco, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell, New York, New York.

EXPERTS

The consolidated financial statements and the related financial statement schedule as of December 31, 2006 and 2005, and for each of the three years in the period ended December 31, 2006 and management's report on the effectiveness of internal control over financial reporting as of December 31, 2006 incorporated by reference in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports (1) express an unqualified opinion on the financial statements and include an explanatory paragraph relating to the Company's adoption of Statement of Financial Accounting Standard No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans,* (2) express an unqualified opinion on the financial statement schedule, (3) express an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting, and (4) express an unqualified opinion on the effectiveness of internal control over financial reporting) and have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy these reports, proxy statements and other information at the SEC's public reference room at Room 1024, 450 Fifth Street, N.W., Washington, D.C. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 (1-800-732-0330) for more information about the operation of the public reference room. The SEC maintains a web site (http://www.sec.gov) that contains reports, statements and other information regarding registrants that file electronically. After listing on First North Iceland, we anticipate that our SEC reports will also be available through the First North Iceland news system (*http://omxgroup.com/firstnorth/market_news/*). You may also obtain additional information about us, including copies of our certificate of incorporation and bylaws, from our web site, which is located at *www.centuryaluminum.com.* Our website provides access to filings made by us through the SEC's EDGAR filing system, including our annual, quarterly and current reports filed on Forms 10-K, 10-Q and 8-K, respectively, and ownership reports filed on Forms 3, 4 and 5 after December 16, 2002 by our directors, executive officers and beneficial owners of more than 10% of our outstanding common stock. Information contained in our website is not incorporated by reference in, and should not be considered a part of, this prospectus supplement.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus supplement is a part, under the Securities Act with respect to the securities. This prospectus supplement does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information concerning us and the securities, reference is made to the registration statement. Statements contained in this prospectus supplement as to the contents of any contract or other documents are not necessarily complete, and in each instance, reference is made to the copy of such contract or documents filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference herein is deemed to be part of this prospectus supplement and the accompanying prospectus, except for any information superseded by information in this prospectus supplement or the accompanying prospectus. This prospectus supplement and the accompanying prospectus incorporate by reference the documents set forth below that we have previously filed with the SEC (other than information in such documents that is deemed, in accordance with SEC rules, not to have been filed). These documents contain important information about us, our business and our finances.

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (including those portions of our Proxy Statement on Schedule 14A relating to our 2007 Annual Meeting of Stockholders, which was filed on April 23, 2007 incorporated by reference therein);
- Our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007;
- Our Current Reports on Form 8-K dated: May 31, 2007; April 30, 2007; April 30, 2007 (amending our Current Report on Form 8-K dated August 8, 2006); March 20, 2007 (as amended by our Current Report on Form 8-K filed on April 13, 2007); March 1, 2007; and February 28, 2007;
- The description of our common stock contained in our Registration Statement on Form 8-A filed on March 4, 1996.

All documents that we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement but before the end of any offering of securities made hereunder (other than information in such documents that is deemed, in accordance with SEC rules, not to have been filed) will also be considered to be incorporated by reference, and will automatically update and, where applicable, supersede any information contained, or incorporated by reference, in this prospectus supplement or in the accompanying prospectus.

To the extent that any information contained in any Current Report on Form 8-K, or any exhibit thereto, was furnished to, rather than filed with, the SEC, such information or exhibit is specifically not incorporated by reference in this prospectus supplement.

We will provide without charge to each person, including any beneficial owner, to whom a prospectus is delivered, upon written or oral request of any such person, a copy of any or all of the information that we have incorporated by reference in this prospectus supplement and accompanying prospectus but have not delivered with this prospectus supplement and accompanying prospectus. You may request a copy of these filings, by writing or telephoning us at:

Century Aluminum Company
2511 Garden Road
Building A, Suite 200
Monterey, CA 93940
Attention: Corporate Secretary
(831) 642-9300

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MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting for the company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, a system of internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. Our system of internal controls contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

As required by Section 404 of the Sarbanes-Oxley Act, management conducted an evaluation of the effectiveness of the system of internal controls over financial reporting for the year ended December 31, 2006. Management's evaluation was based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management concluded that our system of internal controls over financial reporting was effective as of December 31, 2006. Management's assessment of the effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report under the heading "Report of Independent Registered Public Accounting Firm."

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting, that Century Aluminum Company and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2006 of the Company and our report dated February 28, 2007 expressed an unqualified opinion and includes an explanatory paragraph as to the adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.*

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
February 28, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited the accompanying consolidated balance sheets of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Century Aluminum Company and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

As discussed in Note 7 to the consolidated financial statements, in 2006 the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.*

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
February 28, 2007

CENTURY ALUMINUM COMPANY

CONSOLIDATED BALANCE SHEETS

	December 31, 2006	December 31, 2005
	(Dollars in thousands, except share data)	
ASSETS		
ASSETS:		
Cash and cash equivalents	$ 96,365	$ 17,752
Restricted cash	2,011	2,028
Accounts receivable — net	113,371	83,016
Due from affiliates	37,542	18,638
Inventories	145,410	111,436
Prepaid and other current assets	19,830	23,918
Deferred taxes — current portion	103,110	37,705
Total current assets	517,639	294,493
Property, plant and equipment — net	1,218,777	1,070,158
Intangible asset — net	61,594	74,643
Goodwill	94,844	94,844
Other assets	292,380	143,293
TOTAL	$2,185,234	$1,677,431
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 64,849	$ 61,919
Due to affiliates	282,282	158,682
Accrued and other current liabilities	75,143	53,715
Long term debt — current portion	30,105	581
Accrued employee benefits costs — current portion	11,083	9,333
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Total current liabilities	646,277	467,045
Senior unsecured notes payable	250,000	250,000
Nordural debt	309,331	230,436
Revolving credit facility	—	8,069
Accrued pension benefits costs — less current portion	19,239	10,350
Accrued postretirement benefits costs — less current portion	206,415	96,660
Due to affiliates — less current portion	554,864	337,416
Other liabilities	27,811	28,010
Deferred taxes	41,587	16,890
Total noncurrent liabilities	1,409,247	977,831
CONTINGENCIES AND COMMITMENTS (NOTE 12)		
SHAREHOLDERS' EQUITY:		
Common stock (one cent par value, 100,000,000 shares authorized; 32,457,670 and 32,188,165 shares issued and outstanding at December 31, 2006 and 2005, respectively)	325	322
Additional paid-in capital	432,270	419,009
Accumulated other comprehensive loss	(166,572)	(91,418)
Accumulated deficit	(136,313)	(95,358)
Total shareholders' equity	129,710	232,555
TOTAL	$2,185,234	$1,677,431

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2006	2005	2004
	(In thousands, except per share amounts)		
NET SALES:			
Third-party customers	$1,299,035	$ 961,335	$ 897,538
Related parties	259,531	171,027	163,209
	1,558,566	1,132,362	1,060,747
Cost of goods sold	1,210,044	970,685	875,460
Gross profit	348,522	161,677	185,287
Selling, general and administrative expenses	39,363	34,773	24,916
Operating income	309,159	126,904	160,371
Interest expense — third party	(37,002)	(25,668)	(39,946)
Interest expense — related party	—	—	(380)
Interest income	1,705	1,367	1,086
Net loss on forward contracts	(389,839)	(309,698)	(21,521)
Loss on early extinguishment of debt	—	(835)	(47,448)
Other income (expense) — net	6,898	275	(1,305)
Income (loss) before income taxes and equity in earnings of joint ventures	(109,079)	(207,655)	50,857
Income tax benefit (expense)	52,041	80,697	(18,196)
Income (loss) before equity in earnings of joint ventures	(57,038)	(126,958)	32,661
Equity in earnings of joint ventures	16,083	10,703	821
Net income (loss)	(40,955)	(116,255)	33,482
Preferred dividends	—	—	(769)
Net income (loss) applicable to common shareholders	$ (40,955)	$ (116,255)	$ 32,713
EARNINGS (LOSS) PER COMMON SHARE:			
Basic and Diluted	$ (1.26)	$ (3.62)	$ 1.14

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Comprehensive Income (Loss)	Convertible Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
				(Dollars in thousands)			
Balance, December 31, 2003		$ 25,000	$211	$173,138	$ (5,222)	$ (9,258)	$ 183,869
Comprehensive income (loss) — 2004							
Net income — 2004	$ 33,482					33,482	33,482
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $29,380 in tax	(51,554)						
Net amount reclassified to income, net of $(2,196) in tax	3,950						
Minimum pension liability adjustment, net of $(360) in tax	640						
Other comprehensive loss	(46,964)				(46,964)		(46,964)
Total comprehensive loss	$ (13,482)						
Dividends on common stock						(42)	(42)
Dividends on preferred stock						(3,269)	(3,269)
Preferred stock conversion		(25,000)	14	24,986			
Issuance of common stock — equity offering			90	208,121			208,211
Issuance of common stock — compensation plans			5	9,208			9,213
Balance, December 31, 2004		$ —	$320	$415,453	$ (52,186)	$ 20,913	$ 384,500
Comprehensive income (loss) — 2005							
Net loss — 2005	$(116,255)					(116,255)	(116,255)
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $36,420 in tax	(64,710)						
Net amount reclassified to income, net of $(14,655) in tax	25,365						
Minimum pension liability adjustment, net of $63 in tax	113						
Other comprehensive loss	(39,232)				(39,232)		(39,232)
Total comprehensive loss	$(155,487)						
Dividends on common stock						(16)	(16)
Issuance of common stock — compensation plans			2	3,556			3,558
Balance, December 31, 2005		$ —	$322	$419,009	$ (91,418)	$ (95,358)	$ 232,555
Comprehensive income (loss) — 2006							
Net loss — 2006	$ (40,955)					(40,955)	(40,955)
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $57,556 tax	(85,309)						
Net amount reclassified to income, net of $(48,734) tax	83,186						
Minimum pension liability adjustment, net of $1,631 in tax	(2,532)						
Other comprehensive loss	(4,655)				(4,655)		(4,655)
Total comprehensive loss	$ (45,610)						
Adjustment to initially apply SFAS No. 158, net of $46,161 tax					(70,499)		(70,499)
Share-based compensation expense				5,582			5,582
Issuance of common stock — compensation plans			3	7,679			7,682
Balance, December 31, 2006		$ —	$325	$432,270	$(166,572)	$(136,313)	$ 129,710

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2006	2005	2004
	(Dollars in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (40,955)	$(116,255)	$ 33,482
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Unrealized net loss on forward contracts	333,081	306,756	2,405
Depreciation and amortization	69,220	56,533	50,254
Deferred income taxes	(126,342)	(59,834)	11,818
Pension and other post retirement benefits	14,561	12,381	8,040
Workers' compensation	987	(1,572)	820
Stock-based compensation	5,582	—	—
Excess tax benefits from share-based compensation	(1,394)	—	—
(Gain) loss on disposal of assets	(6,851)	(32)	761
Non-cash loss on early extinguishment of debt	—	253	9,659
Change in operating assets and liabilities:			
Accounts receivable — net	(30,355)	(3,440)	(19,440)
Due from affiliates	(18,904)	(4,267)	(3,623)
Inventories	(28,524)	(152)	(16,023)
Prepaids and other current assets	89	(10,092)	(3,590)
Accounts payable, trade	9,608	8,528	2,602
Due to affiliates	9,701	920	16,179
Accrued and other current liabilities	18,965	(32,664)	13,614
Other — net	(23,116)	(22,127)	(1,130)
Net cash provided by operating activities	185,353	134,936	105,828
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant, and equipment	(23,602)	(18,027)	(15,240)
Nordural expansion	(193,511)	(280,086)	(59,784)
Business acquisitions, net of cash acquired	—	(7,000)	(198,584)
Restricted and other cash deposits	(2,583)	(350)	(1,678)
Proceeds from sale of property, plant, and equipment	7,759	124	—
Net cash used in investing activities	(211,937)	(305,339)	(275,286)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	109,000	222,937	425,883
Repayment of long-term debt — third party	(581)	(83,279)	(425,881)
Repayment of long-term debt — related party	—	—	(14,000)
Net borrowings (repayments) under revolving credit facility	(8,069)	8,069	—
Excess tax benefits from share-based compensation	1,394	—	—
Financing fees	—	(5,132)	(13,062)
Issuance of common stock	3,453	1,408	215,793
Dividends	—	(16)	(3,311)
Net cash provided by financing activities	105,197	143,987	185,422
CHANGE IN CASH AND CASH EQUIVALENTS	78,613	(26,416)	15,964
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,752	44,168	28,204
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 96,365	$ 17,752	$ 44,168

See notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation — Century Aluminum Company ("Century," "we", "us", "our" or "ours") is a holding company, whose principal subsidiaries are Century Aluminum of West Virginia, Inc. ("Century of West Virginia"), Berkeley Aluminum, Inc. ("Berkeley"), Century Kentucky, Inc. ("Century Kentucky") and Nordural ehf ("Nordural"). Century of West Virginia operates a primary aluminum reduction facility in Ravenswood, West Virginia ("Ravenswood"). Berkeley holds a 49.7% interest in a partnership which operates a primary aluminum reduction facility in Mt. Holly, South Carolina ("Mt. Holly") and a 49.7% undivided interest in the property, plant, and equipment comprising Mt. Holly. The remaining interest in the partnership and the remaining undivided interest in Mt. Holly are owned by Alumax of South Carolina, Inc., a subsidiary of ALCOA ("ASC"). ASC manages and operates Mt. Holly pursuant to an Owners Agreement, prohibiting the disposal of the interest held by any of the owners without the consent of the other owners and providing for certain rights of first refusal. Pursuant to the Owners Agreement, each owner furnishes their own alumina, for conversion to aluminum, and is responsible for their pro rata share of the operating and conversion costs.

Prior to April 1996, we were an indirect, wholly-owned subsidiary of Glencore International AG ("Glencore" and, together with its subsidiaries, the "Glencore Group"). In April 1996, we completed an initial public offering of our common stock. At December 31, 2006, Glencore owned 28.7% of Century's outstanding common stock. Century and Glencore enter into various transactions such as the purchase and sale of primary aluminum, purchase of alumina, tolling agreements and forward primary aluminum financial sales contracts.

Our historical results of operations included in the accompanying consolidated financial statements may not be indicative of the results of operations to be expected in the future.

Principles of Consolidation — The consolidated financial statements include the accounts of Century Aluminum Company and our subsidiaries, after elimination of all significant intercompany transactions and accounts. Berkeley's interest in the Mt. Holly partnership and our interest in the Gramercy and St. Ann Bauxite joint ventures are accounted for under the equity method. Our equity in the earnings of St. Ann Bauxite is recorded net of Jamaican taxes.

Revenue — Revenue is recognized when title and risk of loss pass to customers in accordance with contract terms. In some instances, we invoice our customers prior to physical shipment of goods. In such instances, revenue is recognized only when the customer has specifically requested such treatment and has made a fixed commitment to purchase the product. The goods must be complete, ready for shipment and physically separated from other inventory with risk of ownership passing to the customer. We must retain no performance obligations and a delivery schedule must be obtained. Sales returns and allowances are treated as a reduction of sales and are provided for based on historical experience and current estimates.

Cash and Cash Equivalents — Cash equivalents are comprised of cash and short-term investments having maturities of less than 90 days at the time of purchase. The carrying amount of cash equivalents approximates fair value.

Accounts Receivable — The accounts receivable are net of an allowance for uncollectible accounts of $1,000 at December 31, 2006 and 2005.

Inventories — The majority of our inventories, including alumina and aluminum inventories, are stated at the lower of cost (using the first-in, first-out ("FIFO") method) or market. The remaining inventories (principally operating and other supplies) are valued at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment is stated at cost. Additions, renewals and improvements are capitalized. Asset and accumulated depreciation accounts are relieved for dispositions with resulting gains or losses included in other income (expense). Maintenance and repairs are expensed as incurred. We capitalize interest for the construction of qualifying assets. Depreciation of plant and equipment is provided for by the straight-line method over the following estimated useful lives:

Buildings and improvements	14 to 45 years
Machinery and equipment	5 to 22 years

We periodically evaluate the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a separately identifiable, long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Goodwill and Intangible Asset — We recognized $94,844 of goodwill as a result of the acquisition of Nordural in 2004. We test our goodwill annually for impairment in the second quarter of the fiscal year and other times whenever events or circumstances indicate that the carrying amount of goodwill may exceed its fair value. If the carrying value of goodwill exceeds its fair value, an impairment loss will be recognized. No impairment loss was recorded in 2006 or 2005. The fair value is estimated using market comparable information.

Our intangible asset consists of the power contract acquired in connection with our acquisition of the Hawesville facility ("Hawesville"). The contract value is being amortized over its term (10 years) using a method that results in annual amortization equal to the percentage of a given year's expected gross annual benefit to the total as applied to the total recorded value of the power contract. As of December 31, 2006 and 2005, the gross carrying amount of the intangible asset was $155,986 with accumulated amortization of $94,392 and $81,343, respectively. In April 2005, we made a $7,000 post-closing payment to Southwire related to the acquisition of Hawesville. This post-closing payment obligation was allocated to the acquired fixed assets and intangible asset based the allocation percentages used in the original acquisition. The gross carrying amount of the intangible asset increased $2,394 as a result of this payment.

For the years ended December 31, 2006, 2005 and 2004, amortization expense for the intangible asset totaled $13,049, $14,561, and $12,327, respectively. The estimated aggregate amortization expense for the intangible asset for the remainder of the contract term is as follows:

	For the Year Ending December 31,			
	2007	2008	2009	2010
Estimated Amortization Expense	$13,991	$15,076	$16,149	$16,378

The intangible asset is reviewed for impairment in accordance with Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets," whenever events or circumstances indicate that its net carrying amount may not be recoverable.

Other Assets — At December 31, 2006 and 2005, other assets consist primarily of Century's investment in the Mt. Holly partnership, the investment in the Gramercy and St. Ann Bauxite joint ventures, deferred financing costs, deferred tax assets, deferred pension assets, and cash surrender value of life insurance policies. Our equity share of the undistributed earnings (loss) increases (decreases) the investment in the joint venture. Deferred financing costs are amortized on a straight-line basis over the life of the related financing.

We account for our 49.7% interest in the Mt. Holly partnership using the equity method of accounting. Additionally, our 49.7% undivided interest in certain property, plant and equipment of Mt. Holly is held outside of the partnership and the undivided interest in these assets of the facility is accounted for in accordance with the EITF Issue No. 00-01, "Investor Balance Sheet and Income Statement Display under the

Equity Method for Investments in Certain Partnerships and Other Ventures." Accordingly, the undivided interest in these assets and the related depreciation are being accounted for on a proportionate gross basis.

Income Taxes — We account for income taxes using the liability method, whereby deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In evaluating our ability to realize deferred tax assets, we use judgment in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. Based on the weight of evidence, both negative and positive, if it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is established.

During the second quarter of 2005, we determined that certain Nordural earnings would remain invested outside the United States indefinitely.

Tax reserves have been established which we believe to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves.

Postemployment Benefits — We provide certain postemployment benefits to former and inactive employees and their dependents during the period following employment, but before retirement. These benefits include salary continuance, supplemental unemployment and disability healthcare. Postemployment benefits are accounted for in accordance with SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The statement requires recognition of the estimated future cost of providing postemployment benefits on an accrual basis over the active service life of the employee.

Forward Contracts and Financial Instruments — We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods. We also enter into fixed price financial sales contracts to be settled in cash to manage our exposure to changing primary aluminum prices. We have also entered into financial purchase contracts for natural gas to be settled in cash to manage our exposure to changing natural gas prices. In addition in 2006, we entered into option contracts to purchase Icelandic krona to manage our exposure to fluctuations in the krona exchange rate for future cash flows associated with capital expenditures for our Phase V expansion project at Nordural.

All aluminum-based financial and physical delivery contracts are marked-to-market using the LME spot and forward market for primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for management to estimate the U.S. Midwest premium. The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have an impact on our other comprehensive income included in our financial statements from period to period.

Certain financial sales contracts for primary aluminum, our foreign currency option contracts and all financial purchase contracts for natural gas have been designated as cash flow hedges in accordance with the provisions of SFAS No. 133 (as amended). We assess the effectiveness of these cash flow hedges quarterly. To the extent such cash flow hedges are effective, unrealized gains and losses on the financial sales contracts are deferred in the balance sheet as accumulated other comprehensive income until the hedged transaction occurs when the realized gain or loss is recognized as revenue or cost of goods sold, as applicable, in the Statement of Operations. Any ineffective portion of the gain or loss is reported in earnings immediately.

Our power supply agreement at Ravenswood contains LME-based pricing provisions that are considered an embedded derivative. The embedded derivative does not qualify for cash flow hedge treatment and is marked to market quarterly. Gains and losses on the embedded derivative are recorded in net gain (loss) on forward contracts on the Consolidated Statement of Operations.

The financial and physical delivery contracts for primary aluminum that are not designated cash flow hedges or do not qualify for cash flow hedge treatment, as provided for in current accounting standards, are marked-to-market quarterly. Fluctuations in the LME price of primary aluminum have a significant impact on gains and losses included in our financial statements from period to period. Unrealized and realized gains and losses are included in net gain (loss) on forward contracts.

The effectiveness of our cash flow hedges for primary aluminum and natural gas are measured by a historical and probable future high correlation of changes in the fair value of the hedging instruments with changes in value of the hedged item. If high correlation ceases to exist, then gains or losses will be recorded in net gain (loss) on forward contracts. To date, high correlation has always been achieved. Our cash flow hedges for foreign currency are option contracts that provide "one-sided" protection from Icelandic krona appreciation. If the krona appreciates to any level below the strike price, the option will be exercised, creating a perfectly effective hedge. If the krona depreciates to any level above the strike price, the option will expire unexercised and the Company will buy krona at an equivalent or better price than allowed by the option strike price. During 2006, 2005 and 2004, we did not recognize any gains or losses for ineffective portions of our cash flow hedges. As of December 31, 2006 and 2005, we had recorded in other comprehensive income deferred losses of $90,728 and $88,458, respectively, on our cash flow hedges, net of tax.

Financial Instruments — Our receivables, payables, debt related to industrial revenue bonds ("IRBs"), Nordural debt and forward financial contracts are carried at amounts that approximate fair value. At December 31, 2006, our 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 had carrying amounts of $250,000 and $175,000, respectively. At December 31, 2006, the estimated fair value of the 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 were $252,500 and $277,900, respectively.

Concentration of Credit Risk — Financial instruments, which potentially expose Century to concentrations of credit risk, consist principally of cash investments and trade receivables. We place our cash investments with highly rated financial institutions. At times, such investments may be in excess of the FDIC insurance limit. Our limited customer base increases our concentrations of credit risk with respect to trade receivables. We routinely assess the financial strength of our customers.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation — We adopted SFAS No. 123(R), "Share-Based Payment" effective January 1, 2006. As such, through December 31, 2005, we accounted for stock based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees." No compensation cost was recognized for the stock option portions of the plan prior to January 1, 2006 because the exercise prices of the stock options granted were equal to the market value of our stock on the date of grant. Had compensation cost for the Stock Incentive Plan, see Note 9, been determined using the fair value method provided under SFAS No. 123, our net income (loss) and earnings (loss) per share would have changed to the pro forma amounts indicated below:

		2005	2004
Net income (loss) applicable to common shareholders	As Reported	$(116,255)	$32,713
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		2,840	1,767
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(3,570)	(2,148)
Pro forma net income (loss)		$(116,985)	$32,332
Basic income (loss) per share	As Reported	$ (3.62)	$ 1.14
	Pro Forma	$ (3.64)	$ 1.13
Diluted income (loss) per share	As Reported	$ (3.62)	$ 1.14
	Pro Forma	$ (3.64)	$ 1.12

The fair value of our stock option grants and service-based share awards is estimated on the date of grant using the Black-Scholes option-pricing model. Information about our assumptions used to value the grants in 2006, 2005 and 2004 is available in Note 9.

Recently Adopted Accounting Standards — In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment to SFAS No. 87, 88, 106, and 132(R)." This statement requires an employer to recognize the funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The statement requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position. In addition, the statement requires additional disclosure about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. We adopted SFAS No. 158 as of December 31, 2006. The incremental effect on our financial statements as a result of the adoption of SFAS No. 158 is disclosed in our Pension and Other Postretirement Benefits note (Note 7).

We adopted SFAS No. 123(R) effective January 1, 2006. We elected to use the Modified Prospective Application Method. Under this method, we recognized the fair value of employee stock-based compensation awards as compensation cost beginning January 1, 2006. SFAS No. 123(R) was applied to new awards granted subsequent to our adoption and for any portion of previous awards that had not vested as of January 1, 2006. The compensation cost recognized from the unvested awards will be based on the original grant-date fair value used to calculate our pro forma financial disclosure under SFAS No. 123. Our financial statements have not been restated for share-based payment expense for periods prior to January 1, 2006.

Recently Issued Accounting Standard — In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition.

The Interpretation was issued to provide consistent criteria to recognize, derecognize, and measure benefits related to income taxes. SFAS No. 109 contains no specific guidance on how to address uncertainty in accounting for income tax assets and liabilities. Disclosure provisions of the Interpretation will provide more information about the uncertainty in income taxes and liabilities.

The Interpretation will be effective for our 2007 fiscal year. We are currently assessing the Interpretation and have not yet determined the impact of adopting FIN No. 48 on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." The Statement would permit us to choose to measure certain financial instruments and other items at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date.

The Statement is effective for us as of January 1, 2008. We are currently assessing the Statement and have not yet determined what, if any, impact the adoption of SFAS No. 159 will have on our financial position or results of operations.

Foreign Currency — Our Nordural subsidiary uses the U.S. Dollar as its functional currency. Certain operating and construction expenses are denominated and payable in foreign currencies. Nordural's labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise and result in transaction gains and losses which are reflected in other income (expense) in the Consolidated Statement of Operations.

2. Acquisitions

The Gramercy Acquisition

In October 2004, Century and Xstrata (successor by merger with Falconbridge) completed the joint purchase of the Gramercy, Louisiana alumina refinery ("Gramercy") owned by Kaiser Aluminum and Chemical Corporation ("Kaiser") and Kaiser's 49% interest in a Jamaican bauxite mining partnership ("St. Ann Bauxite"). The purchase price was $23.0 million, subject to working capital adjustments. Century and Xstrata each paid one-half of the purchase price. All of the bauxite mined by the partnership is used for the production of alumina at the Gramercy refinery and at a third party refinery in Texas. The Gramercy refinery chemically refines bauxite into alumina, the principal raw material in the production of primary aluminum. Hawesville purchases virtually all of its alumina requirements from Gramercy. We use the equity method of accounting for our investment in Gramercy and St. Ann Bauxite.

Nordural Acquisition

In April 2004, we completed the acquisition of Nordural. Nordural is an Icelandic company that owns and operates a primary aluminum reduction facility located in Grundartangi, Iceland. The results of operations of Nordural are included in our Statement of Operations beginning April 28, 2004.

We accounted for the acquisition as a purchase using the accounting standards established in SFAS No. 141, "Business Combinations." We recognized $94,844 of goodwill in the transaction. None of the goodwill is expected to be deductible for Icelandic tax purposes; however, all of the goodwill is expected to be deductible for U.S. tax purposes.

The following tables represent the unaudited pro forma results of operations for the year ended December 31, 2004 assuming the acquisition occurred on January 1, 2004. The unaudited pro forma amounts may not be indicative of the results that actually would have occurred if the transaction described above had been completed and in effect for the period indicated.

	Year Ended December 31, 2004
	(Unaudited)
Net sales	$1,099,122
Income before cumulative effect of change in accounting principle	40,298
Net income	40,298
Net income available to common shareholders	39,529
Earnings per share:	
Basic	$ 1.25
Diluted	$ 1.25

3. Inventories

Inventories, at December 31, consist of the following:

	2006	2005
Raw materials	$ 61,749	$ 47,352
Work-in-process	20,528	11,461
Finished goods	5,435	5,446
Operating and other supplies	57,698	47,177
Inventories	$145,410	$111,436

4. Property, Plant and Equipment

Property, plant and equipment, at December 31, consist of the following:

	2006	2005
Land and improvements	$ 13,061	$ 13,652
Buildings and improvements	247,128	122,356
Machinery and equipment	1,201,371	856,577
Construction in progress	93,588	358,674
	1,555,148	1,351,259
Less accumulated depreciation	(336,371)	(281,101)
Property, plant and equipment — net	$1,218,777	$1,070,158

For the years ended December 31, 2006, 2005 and 2004, we recorded depreciation expense of $56,171, $41,972 and $37,927, respectively.

At December 31, 2006 and 2005, the cost of property, plant and equipment includes $158,911 and $157,162, respectively, and accumulated depreciation includes $72,300 and $64,932, respectively, representing our undivided interest in the property, plant and equipment comprising Mt. Holly.

5. Debt

	December 31, 2006	December 31, 2005
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually(1)(2)(5)(6)	$175,000	$175,000
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Current portion of long-term debt	30,105	581
Debt classified as non-current liabilities::		
7.5% senior unsecured notes payable due 2014, interest payable semiannually(5)(6)(7)	250,000	250,000
Nordural's senior term loan facility maturing in 2010, variable interest rate, principal and interest payments due semiannually through 2010(3)(4)	301,500	222,000
Nordural's various loans, with interest rates ranging from 2.70% to 6.75% due through 2020, less current portion	7,831	8,436
Borrowings under revolving credit facility	—	8,069
Total Debt	$772,251	$671,901

(1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The convertible notes are classified as current because they are convertible at any time by the holder. The IRB interest rate at December 31, 2006 was 4.21%.

(2) The convertible notes are convertible at any time by the holder at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of convertible notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a convertible note, the holder of such convertible note shall receive cash equal to the principal amount of the convertible note and, at our election, either cash or Century common stock, or a combination thereof, for the convertible notes conversion value in excess of such principal amount, if any.

(3) Nordural's senior term loan interest rate at December 31, 2006 was 6.90%. The $365.0 million loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006. Nordural is required to make the following minimum repayments of principal on the facility: $15.5 million on February 28, 2007 and $14.0 million on each of August 31, 2007, February 29, 2008, August 31, 2008, February 28, 2009, August 31, 2009, and all remaining outstanding principal amount on February 28, 2010.

(4) Nordural's obligations under the term loan facility are secured by a pledge of all of Nordural's shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural's assets are pledged as security under the loan facility.

(5) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries.

(6) The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

(7) On or after August 15, 2009, we may redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principal amount, plus accrued and unpaid interest, beginning on August 15, 2012.

We have a $100,000 senior secured revolving credit facility ("Credit Facility") with a syndicate of banks that will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We could issue up to a maximum of $25,000 in letters of credit under the Credit Facility. In 2006, we issued two letters of credit totaling $800. Other than the letters of credit, we had no other outstanding borrowings under the Credit Facility as of December 31, 2006. As of December 31, 2006, we had a borrowing availability of $99,025 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

Principal Payments on Long Term Debt

Principal payments on our long term debt in the next five years and thereafter are as follows:

	Total	2007	2008	2009	2010	2011	Thereafter
7.5% senior notes due August 2014	$250,000	$ —	$ —	$ —	$ —	$ —	$250,000
Nordural debt	339,436	30,105	28,631	28,658	246,186	716	5,140
Total	$589,436	$30,105	$28,631	$28,658	$246,186	$716	$255,140

6. Composition of certain balance sheet accounts at December 31

Components of Other Assets:	2006	2005
Deferred tax assets — noncurrent	$203,452	$ 56,053
Other assets (primarily investments in joint ventures)	75,950	71,640
Capitalized financing fees	12,978	15,600
	$292,380	$143,293

Components of Accrued and Other Current Liabilities:	2006	2005
Accrued and other current liabilities	$32,105	$31,685
Income taxes payable	34,679	13,671
Accrued bond interest	8,359	8,359
	$75,143	$53,715

Components of Accumulated Other Comprehensive Loss:	2006	2005
Unrealized loss on financial instruments, net of $58,452 and $49,776 tax benefit	$ (90,728)	$(88,458)
Pension and other postretirement benefit plan liabilities, net of $48,864 tax benefit(1)	(75,844)	—
Minimum pension liability adjustment, net of $1,665 tax benefit	—	(2,960)
	$(166,572)	$(91,418)

(1) This amount includes pension and other postretirement benefit liabilities of Century, as well as those of our interest in the joint ventures in Gramercy Alumina LLC and St. Ann Bauxite Ltd, and our interest in the Mt. Holly Aluminum Company. The pension and other postretirement benefit liabilities of our interest in the joint ventures in Gramercy Alumina LLC and St. Ann Bauxite Ltd, and our interest in the Mt. Holly Aluminum Company were $2,362, net of $1,522 tax benefit at December 31, 2006.

7. Pension and Other Postretirement Benefits

SFAS No. 158

We adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" in our 2006 financial statements. SFAS No. 158 requires us to record on our balance sheet previously unrecognized obligations of our pension and other postretirement plans as of December 31, 2006. The following table shows the adjustments that were recorded upon adoption of SFAS No. 158. Pension and other postretirement benefit liabilities of our joint ventures and our interest in the Mt. Holly Aluminum Company are not included in these tables.

Incremental Effect of Applying SFAS No. 158 on certain line items in the Consolidated Balance Sheet:

	Before Application of SFAS No. 158	Adjustment for Additional Minimum Liability ("AML")	Before SFAS No. 158 with AML Adjustment	SFAS No. 158 Adoption Adjustments	After Application of SFAS No. 158
Other assets(1)	$ 258,988	$ 1,631	$ 260,619	$ 31,761	$ 292,380
Total assets	2,153,473		2,153,473	31,761	2,185,234
Accrued employee benefit cost — current	9,552	—	9,552	1,531	11,083
Total current liabilities	644,746		644,746	1,531	646,277
Accrued pension benefit costs — noncurrent	10,456	4,163	14,619	4,620	19,239
Accrued postretirement benefit costs — noncurrent	110,306	—	110,306	96,109	206,415
Total noncurrent liabilities	1,304,355	4,163	1,308,518	100,729	1,409,247
Accumulated other comprehensive income	(93,541)	(2,532)	(96,073)	(70,499)	(166,572)
Total shareholders' equity	202,741	(2,532)	200,209	(70,499)	129,710

(1) The change in Other assets due to SFAS No. 158 adoption adjustments includes an increase in deferred tax assets of $46,161 and a decrease in pension assets of $14,400.

Pension Benefits

We maintain noncontributory defined benefit pension plans for all of our domestic hourly and salaried employees. For the domestic salaried employees, plan benefits are based primarily on years of service and average compensation during the later years of employment. For hourly employees at Ravenswood, plan benefits are based primarily on a formula that provides a specific benefit for each year of service. Our funding policy is to contribute annually an amount based upon actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the minimum funding requirements of ERISA. Plan assets consist principally of U.S. equity securities, growth funds and fixed income accounts. In addition, we provide supplemental executive retirement benefits ("SERB") for certain executive officers. We use a measurement date of December 31st to determine the pension and OPEB benefit liabilities.

The hourly employees at Hawesville are part of a United Steelworkers of America ("USWA") sponsored multi-employer plan. Our contributions to the plan are determined at a fixed rate per hour worked. During the years ended December 31, 2006, 2005 and 2004, we contributed $1,585, $1,531 and $1,454, respectively, to the plan, and had no outstanding liability at year end.

Other Postretirement Benefits (OPEB)

In addition to providing pension benefits, we provide certain healthcare and life insurance benefits for substantially all domestic retired employees. We account for these plans in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires companies to accrue the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

Obligations and Funded Status

The change in benefit obligations and change in plan assets as of December 31 are as follows:

	Pension		OPEB	
	2006	**2005**	**2006**	**2005**
Change in benefit obligation				
Benefit obligation at beginning of year	$ 91,208	$ 80,293	$ 178,450	$ 147,936
Service cost	3,710	4,015	6,140	5,032
Interest cost	5,190	4,676	10,394	8,878
Plan changes	1,093	1,893	(4,840)	—
Losses	3,104	3,612	28,396	21,828
Benefits paid	(4,981)	(3,281)	(5,579)	(5,224)
Benefit obligation at end of year	$ 99,324	$ 91,208	$ 212,961	$ 178,450
Change in plan assets				
Fair value of plan assets at beginning of year	$ 77,742	$ 67,190	$ —	$ —
Actual return (loss) on plan assets	7,923	3,492	—	—
Employer contributions	1,169	10,341	5,579	5,224
Benefits paid	(4,981)	(3,281)	(5,579)	(5,224)
Fair value of assets at end of year	$ 81,853	$ 77,742	$ —	$ —
Funded status of plans				
Funded status	$(17,471)	$(13,466)	$(212,961)	$(178,450)
Unrecognized actuarial loss	19,095	18,237	105,206	81,363
Unrecognized prior service cost (benefit)	4,089	3,540	(7,566)	(4,544)
Net asset (liability) recognized	$ 5,713	$ 8,311	$(115,321)	$(101,631)
Amounts Recognized in the Statement of Financial Position				
BEFORE ADOPTION OF SFAS NO. 158:				
Prepaid benefit cost	$ 17,402	$ 19,130	$ —	$ —
Accrued benefit liability	(12,413)	(11,543)	(115,321)	$(101,631)
Accumulated other comprehensive loss	724	724	—	—
Net amount recognized	$ 5,713	$ 8,311	$(115,321)	$(101,631)
AFTER ADOPTION OF SFAS NO. 158:				
Non-current assets	$ 3,002	$ —	$ —	$ —
Current liabilities	(1,234)	—	(6,546)	—
Non-current liabilities	(19,239)	—	(206,415)	—
Net amount recognized	$(17,471)	$ —	$(212,961)	$ —
Amounts Recognized in accumulated other comprehensive loss (pre-tax):				
Net unrecognized actuarial loss	$ 19,095	$ —	$ 105,206	$ —
Unrecognized prior service cost (benefit)	4,089	—	(7,566)	—
	$ 23,184	$ —	$ 97,640	$ —

Our pension plans' projected benefit obligation, accumulated benefit obligation, and fair value of plan assets as of December 31 are as follows:

	Projected Benefit Obligation		Accumulated Benefit Obligation		Fair Value of Plan Assets	
	2006	2005	2006	2005	2006	2005
Hourly pension plan	$47,780	$46,227	$47,334	$45,768	$50,782	$48,464
Salaried pension plan	35,692	32,140	30,348	26,609	31,071	29,278
Supplemental executive benefits pension plan ("SERB")	15,852	12,841	15,852	11,544	—	—

There are no plan assets in the SERB due to the nature of the plan.

Components of Net periodic benefit cost and other amounts recognized in other comprehensive income:

Net Periodic Benefit Cost:

	Year Ended December 31,					
	Pension			OPEB		
	2006	2005	2004	2006	2005	2004
Service cost	$ 3,710	$ 4,015	$ 3,369	$ 6,140	$ 5,032	$ 4,082
Interest cost	5,190	4,676	4,261	10,394	8,878	7,336
Expected return on plan assets	(6,800)	(5,899)	(4,750)	—	—	—
Amortization of prior service costs	544	2,962	499	(1,818)	(879)	(337)
Amortization of net loss	1,144	634	668	4,555	3,715	1,830
Net periodic benefit cost	$ 3,788	$ 6,388	$ 4,047	$19,271	$16,746	$12,911

The estimated net unrecognized actuarial loss and unrecognized prior service cost (benefit) for our defined benefit pension plans expected to be amortized from accumulated other comprehensive income into net periodic benefit cost during 2007 are $905 and $727, respectively. The estimated net unrecognized actuarial loss and unrecognized prior service cost (benefit) for our OPEB plans expected to be amortized from accumulated other comprehensive income into net periodic benefit cost during 2007 is $5,751 and $(2,162), respectively.

Weighted average assumptions were used to determine benefit obligations at December 31:

	Pension Benefits		OPEB	
	2006	2005	2006	2005
Discount rate	5.75%	5.50%	5.75%	5.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Measurement date	12/31/2006	12/31/2005	12/31/2006	12/31/2005

Weighted average assumptions were used to determine net periodic benefit cost for the years ended December 31:

	Pension			OPEB		
	2006	2005	2004	2006	2005	2004
Measurement date	12/31/2005	12/31/2004	12/31/2003	12/31/2005	12/31/2004	12/31/2003
Fiscal year end	12/31/2006	12/31/2005	12/31/2004	12/31/2006	12/31/2005	12/31/2004
Discount rate	5.50%	5.75%	6.25%	5.50%	5.75%	6.25%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return on plan assets	9.00%	9.00%	9.00%	—	—	—

In developing the long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our investments will generate long-term rates of return of 9.0%, based on target asset allocations discussed below.

Effect of Medicare Part D

Century's prescription drug programs are assumed to be actuarially equivalent and eligible for Medicare Part D subsidy as written into law on December 8, 2003. The approach used to measure this impact is based on our understanding of FASB Staff Position ("FSP') 106-2 published May 19, 2004. The impact was recognized during 2004 on a prospective basis. The effect of the Medicare Part D subsidy reduced the accumulated projected benefit obligation as of December 31, 2006 by $24,403, a decrease of approximately 10.3%.

For measurement purposes, medical cost inflation is initially estimated to be 10%, declining to 5% over six years and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations. A one-percentage-point change in the assumed health care cost trend rates would have had the following effects in 2006:

	One Percent Increase	One Percent Decrease
Effect on total of service and interest cost components	$ 3,786	$ (2,808)
Effect on accumulated postretirement benefit obligation	$38,024	$(30,417)

Century 401(k) Plans

We sponsor a tax-deferred savings plan under which eligible domestic employees may elect to contribute specified percentages of their compensation with Century. In 2006, 2005 and 2004, we provided matching contributions of 60% of the first 6% of a participant's annual compensation contributed to the savings plan. One half of our contribution is invested in the common stock of Century and the other half of our contribution is invested based on employee election. Our contributions to the savings plan were $558, $560, and $602 for the years ended December 31, 2006, 2005 and 2004, respectively. Shares of common stock of Century may be sold at any time. Employees are considered fully vested in the plan upon completion of two years of service. A year of service is defined as a plan year in which the employee works at least 1,000 hours.

Plan Assets

Our pension plans' weighted average asset allocations at December 31, 2006 and 2005, by asset category are as follows:

	Pension Plan Assets December 31, 2006	2005
Equity securities	66%	65%
Debt securities	34%	35%
	100%	100%

We seek a balanced return on plan assets through a diversified investment strategy. Our weighted average target allocation for plan assets is 65% equity securities and funds and 35% fixed income funds.

Our other postretirement benefit plans are unfunded. We fund these benefits as the retirees submit claims.

Pension and OPEB Cash Flows

Contributions

We expect to make approximately $1,200 in benefit payments for our unfunded SERB plan for 2007. While no mandatory pension plan contributions are required at this time, we may decide to make a voluntary contribution to the plans during the year. We expect to provide approximately $6,500 for benefit payments for our other postretirement benefit plans for the year ending December 31, 2007.

Estimated Future Benefit Payments

The following table provides the estimated future benefit payments for the pension and other postretirement benefit plans.

	Pension Benefits	OPEB Benefits
2007	$ 5,501	$ 6,546
2008	5,710	7,400
2009	5,965	8,429
2010	6,096	9,550
2011	6,223	10,509
2012 — 2016	33,718	60,649

8. Shareholders' Equity

Preferred Stock — Under our Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 5,000,000 shares of preferred stock, with a par value of one cent per share, in one or more series. The authorized, but unissued preferred shares may be issued with such dividend rates, conversion privileges, voting rights, redemption prices and liquidation preferences as the Board of Directors may determine, without action by shareholders. At December 31, 2006 and 2005, we had no outstanding Preferred Stock.

Common Stock — Under our Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 100 million shares of common stock.

9. Stock Based Compensation

1996 Stock Incentive Plan — We award performance-based and service-based (time vested) stock awards and grant qualified incentive and nonqualified stock options to our salaried officers, non-employee directors, and other key employees from our 1996 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan has 5,000,000 shares authorized for issuance with approximately 2,700,000 shares remaining in reserve at December 31, 2006. Granted stock options have a term of 10 years and typically vest one-third on the grant date and additional one-third on the first and second anniversary dates of the grant. Our non-employee director's annual option grants vest one-fourth each calendar quarter. In addition to the stock options, we grant service-based stock awards that typically vest over a period of three years from the date of grant provided that the recipient is still our employee at the time of vesting.

As of December 31, 2006, options to purchase 385,703 shares of common stock were outstanding and approximately 91,500 service-based stock awards have been authorized and will vest if the employee recipients are employed for the requisite service periods.

The Stock Incentive Plan provides for grants of performance share units upon the attainment of certain established performance goals. The performance share units represent the right to receive common stock, on a one-for-one basis on their vesting dates. As of December 31, 2006, approximately 230,000 performance share units have been authorized and will vest upon the attainment of the performance goals.

Non-Employee Directors Stock Option Plan — Our non-employee directors' stock option plan is no longer an active plan. As of December 31, 2006, this plan has 37,834 outstanding options, but no new options will be issued out of this plan.

A summary of the changes in options outstanding under our Stock Incentive Plan and the Non-Employee Directors Stock Option Plan during the year ended December 31, 2006 is presented below:

Options	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2006	453,661	$20.93		
Granted	156,500	39.78		
Exercised	(185,957)	18.54		
Forfeited	(667)	24.32		
Outstanding and expected to vest at December 31, 2006(1)	423,537	$28.94	8.7	$6,726
Fully vested and exercisable at December 31, 2006	222,666	$26.04	8.1	$4,173

(1) We expect all of our outstanding options to vest as our forfeitures are immaterial.

Service-Based Share Awards(1)	Number
Outstanding at January 1, 2006	59,000
Granted	39,500
Vested (Awarded)	(4,500)
Forfeited	(2,500)
Outstanding at December 31, 2006	91,500

(1) All of our service-based stock awards require the recipients to remain an employee for a certain period of time before the award vests. Recipients receive common stock upon vesting.

Non-Vested Options:	Number	Weighted Average Fair Value
Non-vested options at January 1, 2006	205,430	$14.59
Granted	111,336	24.02
Vested	(115,228)	15.37
Forfeited	(667)	14.48
Non-vested options at December 31, 2006	200,871	$19.37

	Year Ended December 31,		
	2006	2005	2004
Weighted average per share fair value of:			
Stock options grants	$24.38	$14.96	$14.12
Service-based share awards	36.12	24.15	23.15
Total intrinsic value of option exercises	$3,632	1,329	5,382
Share-based liabilities paid(1)	5,208	3,499	2,880
Total fair value of shares vested during the period	1,771	1,255	816

(1) Share based liabilities paid represent the fair value of shares issued on the vesting date to certain key employees under our performance share program.

Option Pricing Model — We estimate the fair value of each option and service-based share award using the Black-Scholes option-pricing model on the date of grant. We used the following assumptions to estimate the fair value of our share awards for 2006 and 2005.

	2006	2005
Risk-free interest rate	4.30-4.99%	3.98-4.36%
Expected dividend yield	$ 0.00	$ 0.00
Expected volatility	60%	67%
Expected forfeiture rate	5%	—
Expected term (years)	5.2	5.5

We estimated the expected term of the options using the method specified in the Securities and Exchange Commission’s Staff Accounting Bulletin No. 107. The risk-free interest rate is based on the yield on the measurement date for zero-coupon U.S. Treasury bonds with terms similar to the expected life of the option. The dividend yield is zero, based on our current expectation to not pay dividends on our common stock for the foreseeable future. Expected volatility is estimated using the historical volatility of the price of our common stock over the expected term of the options. The expected forfeiture rate is based on our historical forfeiture rate after 1999.

The following table summarizes the compensation cost recognized for the year ended December 31, 2006, 2005 and 2004, respectively, for all options, service-based share and performance-based share awards. No share-based compensation cost was capitalized during these periods and there were no significant modifications of any share-based awards in 2006, 2005, or 2004.

	Year Ended December 31,		
	2006	2005	2004
Compensation expense reported:			
Stock option grants	$ 4,358	$ —	$ —
Service-based stock awards	1,224	—	—
Performance-based stock grants	3,947	4,437	2,761
Total compensation expense before income tax	9,529	4,437	2,761
Income tax benefit	(3,516)	(1,597)	(994)
Total compensation expense, net of income tax benefit	$ 6,013	$ 2,840	$1,767

As of December 31, 2006, we had unrecognized compensation expense of $3,749 before taxes, related to non-vested stock options and service-based stock awards. This expense will be recognized over a weighted average period of 1.1 years. The unrecognized compensation expense is expected to be recognized over the following periods:

	2007	2008	2009
Stock-based compensation expense (pre-tax)	$2,607	$1,086	$56

During the year ended December 31, 2006, we received $3,453 from employees for the exercise of stock options. For the year ended December 31, 2006, we recorded a tax benefit of $1,394 related to these stock option exercises.

It has been our policy to issue new shares to satisfy the requirements of our stock-based compensation plans. We do not expect to repurchase shares in the future to support our stock-based compensation plans.

10. Earnings (Loss) Per Share

Basic earnings per common share ("EPS") amounts are computed by dividing earnings after the deduction of preferred stock dividends by the average number of common shares outstanding. The cumulative preferred stock dividends accumulated for the period were deducted from net income, as if declared, for the purpose of calculating EPS. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive common shares outstanding. The following table provides a reconciliation of the computation of the basic and diluted earnings (loss) per share for income (loss) (shares in thousands):

	For the Fiscal Year Ended December 31,								
	2006			2005			2004		
	Income	Shares	Per Share	Income	Shares	Per Share	Income	Shares	Per Share
Net income (loss)	$(40,955)			$(116,255)			$33,482		
Less: Preferred stock dividends	—			—			(769)		
Basic EPS:									
Net income (loss) applicable to common shareholders	(40,955)	32,395	$(1.26)	(116,255)	32,136	$(3.62)	32,713	28,668	$1.14
Effect of Dilutive Securities:									
Incremental Shares from assumed conversion of stock options	—	—		—	—		—	107	
Diluted EPS:									
Net income (loss) applicable to common shareholders with assumed conversion	$(40,955)	32,395	$(1.26)	$(116,255)	32,136	$(3.62)	$32,713	28,775	$1.14

For the period ended December 31, 2006, 423,537 options to purchase common stock and 91,500 service-based share awards were outstanding, but were excluded from the calculation of diluted earnings per share because of the antidilutive effect. Based on the average price for our common stock for the year ended December 31, 2006, we would have issued approximately 1,091,000 shares upon an assumed conversion of our convertible debt. These shares were also excluded from the calculation of diluted earnings per share because of the antidilutive effect.

For the period ended December 31, 2005, 453,661 options to purchase common stock and 59,000 service-based share awards were outstanding, but were excluded from the calculation of diluted earnings per share because of the antidilutive effect. For the period ended December 31, 2004, 2,500 options to purchase common stock were excluded from the calculation of diluted earnings per share because of the antidilutive effect.

In 2005 and 2004, we assumed no conversion of our outstanding 1.75% convertible senior notes in calculating dilutive EPS because the conversion price had not been met.

11. Income Taxes

Significant components of the income tax expense consist of the following:

	Year Ended December 31,		
	2006	2005	2004
Current:			
U.S. federal current expense (benefit)	$ 62,279	$ 18,136	$ 6,378
State current expense (benefit)	11,840	2,727	—
Foreign current expense (benefit)	182	—	—
Total current expense (benefit)	74,301	$ 20,863	$ 6,378
Deferred:			
U.S. federal deferred expense (benefit)	(135,760)	(100,069)	8,748
State deferred benefit expense (benefit)	(27,165)	8,857	986
Foreign deferred expense (benefit)	36,583	(10,348)	2,084
Total deferred tax benefit expense (benefit)	(126,342)	(101,560)	11,818
Total income tax benefit expense (benefit)	$ (52,041)	$ (80,697)	$18,196

A reconciliation of the statutory U.S. Federal income tax rate to the effective income tax rate on income (loss) before cumulative effect of a change in accounting principle is as follows:

	2006	2005	2004
Federal statutory rate	35.0%	35.0%	35.0%
Effect of:			
Permanent differences	(0.8)	—	—
State taxes, net of Federal benefit	6.1	4.0	1.0
Foreign earnings taxed at rates different than the U.S.	10.8	2.0	—
Equity earnings in joint ventures	(3.4)	(2.0)	—
	47.7%	39.0%	36.0%

Permanent differences primarily relate to domestic production deduction, nondeductible executive compensation, meal and entertainment disallowance and other nondeductible expenses.

Significant components of our deferred tax assets and liabilities as of December 31 are as follows:

	2006	2005
Deferred tax assets:		
Accrued postretirement benefit cost	$ 38,549	$ 32,393
Accrued liabilities	8,536	9,359
Pension	—	2,998
Share-based compensation	2,159	—
Derivative and hedging contracts	252,760	114,939
Equity contra — other comprehensive loss	107,316	51,442
Other	675	6,404
Total deferred tax assets	$ 409,995	$ 217,535
Deferred tax liabilities:		
Tax over financial statement depreciation	$ (76,810)	$(109,545)
Pension	(1,955)	—
Income from domestic partnership	(12,636)	(12,107)
Unrepatriated foreign earnings	(12,032)	(8,449)
Foreign basis differences	(41,587)	(10,566)
Total deferred tax liabilities	$(145,020)	$(140,667)
Net deferred tax asset	$ 264,975	$ 76,868

The net deferred tax asset of $264,975 at December 31, 2006, is net of a non-current deferred foreign income tax liability of $41,587 and includes $103,110 of current deferred tax assets and $203,452 of non-current deferred tax assets. The net deferred tax asset of $76,868 at December 31, 2005, is net of a non-current deferred foreign income tax liability of $16,890 and includes $37,705 of current deferred tax assets and $56,053 of non-current deferred tax assets.

At December 31, 2006, we had net operating loss carryforwards of $4,500 which begin to expire in 2008.

We have not recorded deferred income taxes applicable to unrepatriated foreign earnings that are permanently reinvested outside the United States. If Nordural's earnings were not permanently reinvested, an additional deferred tax liability of $13,613 would have been reported at December 31, 2006.

12. Contingencies and Commitments

Environmental Contingencies

We believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, there can be no assurance that future requirements or conditions at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. ("CAWV") continues to perform remedial measures at our Ravenswood, West Virginia facility ("Ravenswood") pursuant to an order issued by the Environmental Protection Agency ("EPA") in 1994 (the "3008(h) Order"). CAWV also conducted a RCRA facility investigation ("RFI") under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. CAWV has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

Prior to our purchase of Hawesville, the EPA issued a final Record of Decision ("ROD") under the Comprehensive Environmental Response, Compensation and Liability Act. By agreement, Southwire is to perform all obligations under the ROD. Century Aluminum of Kentucky, LLC ("Century Kentucky") has agreed to operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

Century is a party to an EPA Administrative Order on Consent (the "Order") pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation ("Lockheed"), which sold the facility to one of our affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to the terms of the Lockheed — Vialco Asset Purchase Agreement. Management does not believe Vialco's liability under the Order or its indemnity to Lockheed will require material payments. Through December 31, 2006, we have expended approximately $708 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, we expect the future potential payments under this indemnification to comply with the Order will be approximately $500, which may be offset in part by sales of recoverable hydrocarbons.

In May 2005, Century and Vialco were among the defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. Lockheed has tendered indemnity and defense of the case to Vialco pursuant to terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees. Vialco and the other defendants have filed separate motions to dismiss asserting certain affirmative defenses including the statute of limitations. No ruling on those motions has been rendered as of this date.

In July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by ALCOA Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California which we purchased from ALCOA Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC (formerly Pechiney Rolled Products, LLC) in July 1999. The complaint also seeks costs and attorney fees.

In December, 2006, Vialco and the company that purchased the assets of Vialco in St. Croix in 1995 were named as defendants in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources. The complaint alleges the defendants failed to take certain actions specified in a Coastal Zone management permit issued to Vialco in October, 1994, and seeks statutory and other unspecified monetary penalties for the alleged violations. Vialco recently filed its answer to the complaint asserting factual and affirmative defenses.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $605 and $532 at December 31, 2006 and December 31, 2005, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and our inability to predict the requirements of future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance will not have a material adverse effect on our future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on our financial condition, results of operations, or liquidity.

Legal Contingencies

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity.

Power Commitments

Hawesville currently purchases substantially all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Approximately 73% of this power is at fixed prices. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corporation ("LG&E"), with delivery guaranteed by LG&E. For 2007, all but three percent (approximately 14 MW) of our power requirements at Hawesville are priced. Hawesville's unpriced power requirements increase to 27% (126 MW) of its total power requirements in calendar years 2008 through 2010. Appalachian Power Company supplies all of Ravenswood's power requirements. After December 31, 2007, CAWV may terminate the agreement by providing 12 months notice of termination. Power delivered under the supply agreement is as set forth in published tariffs. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels.

The Mt. Holly facility ("Mt. Holly") purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. Mt. Holly's current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Nordural facility purchases power from Landsvirkjun, a power company owned by the Republic of Iceland, Hitaveita Suðurnesja hf. ("HS") and Orkuveita Reykjavíkur ("OR") under long-term contracts due to expire in 2019 and 2026 — 2028, respectively. The power delivered to Nordural is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources.

In April 2006, we announced an expansion of the Nordural facility from 220,000 metric tons per year ("mtpy") to 260,000 mtpy ("Phase V expansion") which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

In June 2006, Nordural signed a memorandum of understanding ("MOU") to purchase power from HS and OR for a planned primary aluminum reduction facility in Helguvik, Iceland. Under the agreement, power will be supplied to the planned Helguvik facility in stages, beginning with an initial phase of up to 250 MW, which will support production capacity of up to 150,000 mtpy. HS will provide up to 150 MW in this initial stage, and OR will supply up to 100 MW. Electricity delivery for this first phase is targeted for 2010. The MOU provides for a total of 435 MW, which will ultimately provide power for a 250,000 mtpy facility. The agreement is subject to the satisfaction of certain conditions related to the construction of the Helguvik facility.

Labor Commitments

Approximately 81% of our U.S. based work force is represented by the United Steelworkers of America (the "USWA"). In May 2006, our Hawesville, Kentucky plant employees represented by the USWA ratified a four-year collective bargaining agreement that will extend through April 1, 2010. The agreement covers approximately 600 hourly workers at the Hawesville plant.

On August 4, 2006, the membership of United Steelworkers Local 5668 voted to ratify a three-year labor agreement covering approximately 580 hourly workers at the Ravenswood facility that will extend through May 31, 2009.

Approximately 90% of Nordural's work force is represented by five labor unions under an agreement that expires on December 31, 2009.

Other Commitments and Contingencies

Our income tax returns are periodically examined by various tax authorities. We are currently under audit by the Internal Revenue Service ("IRS") for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. We are reviewing the issues raised by the IRS and have filed an administrative appeal with the IRS, contesting the proposed tax deficiencies. We believe our tax position is well supported and, based on current information, we do not believe that the outcome of the tax audit will have a material impact on our financial condition or results of operations.

At December 31, 2006 and December 31, 2005, we had outstanding capital commitments related to the completion of Nordural's expansion to 220,000mtpy capacity ("Phase III/IV expansion") and the Phase V expansion projects of approximately $67,732 and $89,910, respectively. Our cost commitments for the Nordural expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Icelandic krona and the Euro.

In May 2006, we purchased foreign currency options with a notional value of $41,627 to hedge a portion of our foreign currency risk from our exposure to the Icelandic krona associated with capital expenditures from the ongoing 40,000 mtpy expansion to 260,000 mtpy at Nordural. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of December 31, 2006, the fair value of the options of $2,123 is recorded in other assets. Included in accumulated other comprehensive income is an after-tax unrealized gain of $317.

13. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, we are exposed to fluctuating raw material and primary aluminum prices. We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods.

Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I(1) . .	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal AgreementII(2) . .	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum) (3)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1)(4)	BHP Billiton	130,000 mtpy	Through December 2013	LME-based
Glencore Tolling Agreement(2)(3)(4) . .	Glencore	90,000 mtpy	Through June 2016	LME-based

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tons to 130,000 metric tons of the annual production capacity at Nordural effective upon the completion of the Phase III/IV expansion to 220,000 mtpy.

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of the expansion capacity at Nordural. Deliveries under this agreement started in July 2006.

(3) In December 2005, Glencore assigned to Hydro 50% of its tolling rights under this agreement for the period 2007 to 2010. Nordural consented to the assignment.

(4) Nordural's tolling revenues include a premium based on the European Union ("EU") import duty for primary aluminum. The European Commission has considered and is currently considering various proposals that would phase-out this import duty. While the import duty remains intact to date, any decrease in the EU import duty will negatively impact Nordural's revenue.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreements, we had forward delivery contracts to sell 132,726 metric tons and 107,546 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 2,538 metric tons and 4,643 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively, of which none were with Glencore at December 31, 2006 and 186 metric tons were with Glencore at December 31, 2005.

Financial Sales Agreements

To mitigate the volatility in our unpriced forward delivery contracts, we enter into fixed price financial sales contracts, which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is the counterparty for all of the contracts summarized below:

Primary Aluminum Financial Sales Contracts as of:

	December 31, 2006			December 31, 2005		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
	(Metric tons)					
2006	—	—	—	142,750	51,000	193,750
2007	119,500	50,400	169,900	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009	—	105,000	105,000	—	105,000	105,000
2010	—	105,000	105,000	—	105,000	105,000
2011	—	75,000	75,000	—	75,000	75,000
2012-2015	—	300,000	300,000	—	300,000	300,000
Total	128,500	735,600	864,100	271,250	786,600	1,057,850

Substantially all of the contracts accounted for as derivatives contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 735,600 metric tons. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at December 31, 2006 or December 31, 2005.

Additionally, to mitigate the volatility of the natural gas markets, we enter into financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Natural Gas Financial Purchase Contracts as of:

	December 31, 2006	December 31, 2005
	(Thousands of DTH)	
2006	—	1,680
2007	2,200	780
2008	480	480
Total	2,680	2,940

Based on the fair value of our financial sales contracts for primary aluminum and financial purchase contracts for natural gas that qualify as cash flow hedges as of December 31, 2006, an accumulated other comprehensive loss (related to these contracts) of $83,786 is expected to be reclassified as a reduction to earnings over the next 12 month period.

We are party to fixed price financial sales contracts for primary aluminum with Glencore. In the event of a material adverse change in our creditworthiness, Glencore has the option to require a letter of credit, or any other acceptable security or collateral for outstanding balances on these contracts.

The forward financial sales and purchase contracts are subject to the risk of counterparty credit risk. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

14. Asset Retirement Obligations

Our asset retirement obligations consist primarily of costs associated with the disposal of spent pot liner used in the reduction cells of our facilities.

We adopted FIN No. 47, "Accounting for Conditional Asset Retirement Obligations" in 2005, and recorded an adjustment to our asset retirement obligations, the effect of which was not material.

The reconciliation of the changes in the asset retirement obligations is presented below:

	Year Ended December 31,	
	2006	2005
Beginning balance, ARO liability	$11,808	$17,232
Additional ARO liability incurred	2,302	1,849
ARO liabilities settled	(2,236)	(3,330)
Accretion expense	990	1,370
FIN 47 adoption	—	(5,313)
Ending balance, ARO liability	$12,864	$11,808

15. Related Party Transactions

The significant related party transactions occurring during the years ended December 31, 2006, 2005, and 2004, are described below.

The Chairman of the Board of Directors of Century is a member of the Board of Directors of Glencore International AG. One of Century's Board members is the Chairman of the Board of Directors of Glencore International AG and Xstrata AG.

We enter into forward financial sales and hedging contracts with Glencore to help manage exposure to fluctuating primary aluminum prices. Management believes that all of our forward financial sales and hedge contracts with Glencore approximated market at the time of placing the contracts.

In August 2006, Falconbridge Limited, our indirect partner in the Gramercy Alumina and St. Ann Bauxite joint venture, was acquired by Xstrata PLC. Glencore, our largest shareholder, is a major shareholder in Xstrata.

Century of West Virginia has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Berkeley has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased alumina in transactions with Gramercy at cost.

Summary

A summary of the aforementioned related party transactions for the years ended December 31, 2006, 2005 and 2004 is as follows:

	Year Ended December 31,		
	2006	2005	2004
Net sales to Glencore	$259,531	$171,027	$163,209
Purchases from Glencore	185,462	129,757	131,427
Realized loss on financial sales contracts that do not qualify for cash flow hedge accounting	54,236	—	—
Gramercy alumina purchases	134,178	138,022	26,680

See Note 13 for a discussion of our fixed-price commitments, forward financial contracts, and contract settlements with related parties.

16. Supplemental Cash Flow Information

	Year Ended December 31,		
	2006	2005	2004
Cash paid for:			
Interest	$42,607	$30,358	$37,587
Income taxes	58,476	15,449	248
Cash received from:			
Interest	1,331	1,388	1,088
Income tax refunds	587	—	80
Non-cash investing activities:			
Accrued Nordural expansion costs	$ (6,679)	$ 6,170	$ 5,591

Non-Cash Activities

In 2006, 2005, and 2004, we issued shares of common stock to certain key employees as part of our performance share program. We issued shares to satisfy performance share liabilities of $2,867, $1,965, and $1,630 during the years 2006, 2005 and 2004, respectively. In May 2004, Glencore exercised its option to convert its shares of cumulative convertible preferred stock. We issued shares of common stock in exchange for Glencore's $25,000 of preferred stock.

During the years ended December 31, 2006, 2005, and 2004, we capitalized interest costs incurred in the construction of equipment of $8,861, $8,711, and $668, respectively.

17. Business Segments

We operate in one reportable business segment, primary aluminum.

A reconciliation of our consolidated assets to the total of primary aluminum segment assets is provided below.

Segment Assets(1)	2006	2005	2004
Primary	$2,159,429	$1,648,351	$1,307,168
Corporate, Unallocated	25,805	29,080	25,385
Total Assets	$2,185,234	$1,677,431	$1,332,553

(1) Segment assets include accounts receivable, due from affiliates, inventory, intangible assets, and property, plant and equipment-net; the remaining assets are unallocated corporate assets, and deferred tax assets.

Geographic information

Included in the consolidated financial statements are the following amounts related to geographic locations:

	2006	2005	2004
Net Sales:			
United States	$1,245,167	$992,442	$974,481
Other	313,399	139,920	86,266
Long-lived assets:			
United States	$ 569,124	$604,411	$615,618
Other	895,020	722,474	431,161

Major Customer information

In 2006 and 2005, we had four major customers whose sales revenue exceeded 10% of our net sales. In 2004, we had three major customers whose sales revenue exceeded 10% of our net sales. The revenue and percentage of net sales for these customers are as follows:

	Year Ended December 31,					
	2006		2005		2004	
	$	%	$	%	$	%
Southwire	420,100	27.0	294,468	26.0	258,320	24.4
Alcan	400,908	25.7	356,347	31.5	301,033	28.4
Glencore	259,531	16.7	171,027	15.1	163,209	15.4
BHP Billiton	229,524	14.7	137,736	12.2	—	—

18. Quarterly Information (Unaudited)

Financial results by quarter for the years ended December 31, 2006 and 2005 are as follows:

	Net Sales	Gross Profit	Net Income (Loss)	Net Income (Loss) per Share
2006				
4th Quarter(1)	$424,367	$ 93,076	$(119,123)	$(3.67)
3rd Quarter(2)	381,277	70,974	173,939	5.36
2nd Quarter(3)	405,976	108,004	45,800	1.41
1st Quarter(4)	346,946	76,468	(141,571)	(4.39)
2005				
4th Quarter(5)	$292,874	$ 34,704	$(148,658)	$(4.62)
3rd Quarter(6)	270,836	30,058	(20,071)	(0.62)
2nd Quarter	283,256	45,348	40,744	1.27
1st Quarter	285,396	51,567	11,730	0.37

(1) The fourth quarter of 2006 net income includes a charge of $174,250, net of tax, for loss on forward contracts offset by a gain on the sale of surplus land.

(2) The third quarter of 2006 net income includes a gain of $134,572, net of tax, for gain on forward contracts.

(3) The second quarter of 2006 net income includes a charge of $19,492, net of tax, for loss on forward contracts.

(4) The first quarter of 2006 net income includes a charge of $183,526, net of tax, for loss on forward contracts.

(5) The fourth quarter of 2005 net income includes a charge of $164,620, net of tax, for loss on forward contracts.

(6) The third quarter of 2005 net income includes a charge of $34,228, net of tax, for loss on forward contracts.

19. Condensed Consolidating Financial Information

Our 7.5% Senior Notes due 2014 and 1.75% Convertible Senior Notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries, except for Nordural US LLC. These notes are not guaranteed by our foreign subsidiaries (such subsidiaries and Nordural US LLC, collectively the "Non-Guarantor Subsidiaries"). During the second quarter of 2005, Century Aluminum of Kentucky, LLC (the "LLC") became a guarantor subsidiary. In the periods presented prior to 2005, the LLC was classified with the Non-Guarantor Subsidiaries. We allocate corporate expenses or income to our subsidiaries. For the years ended December 31, 2006, 2005, and 2004 we allocated total corporate expenses of $6,460, $2,211, and $1,452 to our subsidiaries, respectively. Additionally, we charge interest on certain intercompany balances.

The following summarized condensed consolidating balance sheets as of December 31, 2006 and December 31, 2005, condensed consolidating statements of operations for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 and the condensed consolidating statements of cash flows for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 present separate results for Century, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries, consolidating adjustments and total consolidated amounts.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had Century, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ 11,866	$ 84,499	$ —	$ 96,365
Restricted cash	2,011	—	—	—	2,011
Accounts receivable — net	98,690	14,681	—	—	113,371
Due from affiliates	55,853	6,779	752,954	(778,044)	37,542
Inventories	112,975	32,604	—	(169)	145,410
Prepaid and other assets	4,603	12,981	2,246	—	19,830
Deferred taxes — current portion	66,530	—	11,007	25,573	103,110
Total current assets	340,662	78,911	850,706	(752,640)	517,639
Investment in subsidiaries	22,229	—	20,967	(43,196)	—
Property, plant and equipment — net	436,980	780,879	918	—	1,218,777
Intangible asset — net	61,594	—	—	—	61,594
Goodwill	—	94,844	—	—	94,844
Other assets	41,599	19,297	368,913	(137,429)	292,380
Total assets	$ 903,064	$973,931	$1,241,504	$(933,265)	$2,185,234
Liabilities and shareholders' equity:					
Accounts payable — trade	$ 34,993	$ 29,804	$ 52	$ —	$ 64,849
Due to affiliates	381,853	56,665	73,734	(229,970)	282,282
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	30,105	—	—	30,105
Accrued and other current liabilities	21,381	4,522	49,240	—	75,143
Accrued employee benefits costs — current portion	9,803	—	1,280	—	11,083
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	455,845	121,096	299,306	(229,970)	646,277
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	309,331	—	—	309,331
Accrued pension benefit costs — less current portion	3,624	—	15,615	—	19,239
Accrued postretirement benefit costs — less current portion	205,092	—	1,323	—	206,415
Other liabilities/intercompany loan	215,839	353,997	—	(542,025)	27,811
Due to affiliates — less current portion	9,314	—	545,550	—	554,864
Deferred taxes	143,421	16,240	—	(118,074)	41,587
Total noncurrent liabilities	577,290	679,568	812,488	(660,099)	1,409,247
Shareholders' equity:					
Common stock	60	12	325	(72)	325
Additional paid-in capital	259,248	85,190	432,270	(344,438)	432,270
Accumulated other comprehensive income (loss)	(172,685)	2,791	(166,572)	169,894	(166,572)
Retained earnings (accumulated deficit)	(216,694)	85,274	(136,313)	131,420	(136,313)
Total shareholders' equity	(130,071)	173,267	129,710	(43,196)	129,710
Total liabilities and shareholders' equity	$ 903,064	$973,931	$1,241,504	$(933,265)	$2,185,234

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ 19,005	$ (1,253)	$ —	$ 17,752
Restricted cash	2,028	—	—	—	2,028
Accounts receivable — net	73,540	9,476	—	—	83,016
Due from affiliates	60,246	—	703,995	(745,603)	18,638
Inventories	96,347	15,372	—	(283)	111,436
Prepaid and other assets	7,693	8,627	7,598	—	23,918
Deferred taxes — current portion	46,339	—	—	(8,634)	37,705
Total current assets	286,193	52,480	710,340	(754,520)	294,493
Investment in subsidiaries	15,205	—	146,166	(161,371)	—
Property, plant and equipment — net	458,618	613,368	308	(2,136)	1,070,158
Intangible asset — net	74,643	—	—	—	74,643
Goodwill	—	94,844	—	—	94,844
Other assets	54,049	8,951	156,242	(75,949)	143,293
Total assets	$ 888,708	$769,643	$1,013,056	$(993,976)	$1,677,431
Liabilities and shareholders' equity:					
Accounts payable — trade	$ 36,670	$ 25,249	$ —	$ —	$ 61,919
Due to affiliates	138,615	52,208	15,485	(47,626)	158,682
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	581	—	—	581
Accrued and other current liabilities	19,994	3,357	31,514	(1,150)	53,715
Accrued employee benefits costs — current portion	8,139	—	1,194	—	9,333
Deferred tax liability — current	—	—	8,634	(8,634)	—
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	211,233	81,395	231,827	(57,410)	467,045
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	230,436	—	—	230,436
Revolving credit facility			8,069	—	8,069
Accrued pension benefit costs — less current portion	—	—	10,350	—	10,350
Accrued postretirement benefit costs — less current portion	95,731	—	929	—	96,660
Other liabilities/intercompany loan	397,778	327,073	—	(696,841)	28,010
Due to affiliates — less current portion	58,090	—	279,326	—	337,416
Deferred taxes	83,019	12,225	—	(78,354)	16,890
Total noncurrent liabilities	634,618	569,734	548,674	(775,195)	977,831
Shareholders' equity:					
Common stock	60	12	322	(72)	322
Additional paid-in capital	259,148	85,190	419,009	(344,338)	419,009
Accumulated other comprehensive income (loss)	(90,953)	—	(91,418)	90,953	(91,418)
Retained earnings (accumulated deficit)	(125,398)	33,312	(95,358)	92,086	(95,358)
Total shareholders' equity	42,857	118,514	232,555	(161,371)	232,555
Total liabilities and shareholders' equity	$ 888,708	$769,643	$1,013,056	$(993,976)	$1,677,431

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$1,071,670	$227,365	$ —	$ —	$1,299,035
Related parties	180,478	79,053	—	—	259,531
	1,252,148	306,418	—	—	1,558,566
Cost of goods sold	1,000,879	213,469	—	(4,304)	1,210,044
Gross profit	251,269	92,949	—	4,304	348,522
Selling, general and admin expenses	38,567	796	—	—	39,363
Operating income	212,702	92,153	—	4,304	309,159
Interest expense — third party	(24,632)	(12,370)	—	—	(37,002)
Interest expense — affiliates	30,699	(30,699)	—	—	—
Interest income	1,254	451	—	—	1,705
Net loss on forward contracts	(389,839)	—	—	—	(389,839)
Other income (expense) — net	7,132	(234)	—	—	6,898
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(162,684)	49,301	—	4,304	(109,079)
Income tax (expense) benefit	56,297	(2,707)	—	(1,549)	52,041
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(106,387)	46,594	—	2,755	(57,038)
Equity in earnings (loss) of subsidiaries and joint ventures	17,383	5,366	(40,955)	34,289	16,083
Net income (loss)	$ (89,004)	$ 51,960	$(40,955)	$37,044	$ (40,955)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 824,072	$137,263	$ —	$ —	$ 961,335
Related parties	171,027	—	—	—	171,027
	995,099	137,263	—	—	1,132,362
Cost of goods sold	884,241	95,820	—	(9,376)	970,685
Gross profit	110,858	41,443	—	9,376	161,677
Selling, general and admin expenses	34,314	459	—	—	34,773
Operating income	76,544	40,984	—	9,376	126,904
Interest expense — third party	(24,832)	(836)	—	—	(25,668)
Interest expense — affiliates	24,451	(24,451)	—	—	—
Interest income	1,011	356	—	—	1,367
Net loss on forward contracts	(309,698)	—	—	—	(309,698)
Loss on early extinguishment of debt	(835)	—	—	—	(835)
Other income (expense) — net	(428)	703	—	—	275
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(233,787)	16,756	—	9,376	(207,655)
Income tax (expense) benefit	81,803	2,298	—	(3,404)	80,697
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(151,984)	19,054	—	5,972	(126,958)
Equity in earnings (loss) of subsidiaries and joint ventures	8,847	4,932	(116,255)	113,179	10,703
Net income (loss)	$(143,137)	$ 23,986	$(116,255)	$119,151	$ (116,255)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$811,705	$ 85,833	$ —	$ —	$ 897,538
Related parties	163,209	—	—	—	163,209
	974,914	85,833	—	—	1,060,747
Cost of goods sold	805,267	407,650	—	(337,457)	875,460
Reimbursement from owners	—	(337,738)	—	337,738	—
Gross profit (loss)	169,647	15,921	—	(281)	185,287
Selling, general and admin expenses	24,916	—	—	—	24,916
Operating income (loss)	144,731	15,921	—	(281)	160,371
Interest expense — third party	(36,281)	(3,665)	—	—	(39,946)
Interest expense — related party	(380)	(9,078)	—	9,078	(380)
Interest income	9,872	172	—	(8,958)	1,086
Net loss on forward contracts	(21,521)	—	—	—	(21,521)
Loss on early extinguishment of debt	(47,448)	—	—	—	(47,448)
Other income (expense) — net	(1,380)	43	—	32	(1,305)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	47,593	3,393	—	(129)	50,857
Income tax (expense) benefit	(17,218)	(5,709)	—	4,731	(18,196)
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	30,375	(2,316)	—	4,602	32,661
Equity earnings (loss) of subsidiaries and joint ventures	(7,642)	821	33,482	(25,840)	821
Net income (loss)	$ 22,733	$ (1,495)	$33,482	$ (21,238)	$ 33,482

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 146,868	$ 38,485	$ —	$ 185,353
Investing activities:				
Purchase of property, plant and equipment	(15,599)	(7,294)	(709)	(23,602)
Nordural expansion	—	(193,511)	—	(193,511)
Proceeds from sale of property, plant and equipment	7,620	139	—	7,759
Restricted and other cash deposits	(2,583)	—	—	(2,583)
Net cash used in investing activities	(10,562)	(200,666)	(709)	(211,937)
Financing activities:				
Borrowings of long-term debt	—	109,000	—	109,000
Repayment of long-term debt	—	(581)	—	(581)
Repayment of revolving credit facility	—	—	(8,069)	(8,069)
Excess tax benefits from share-based compensation	—	—	1,394	1,394
Intercompany transactions	(136,306)	46,623	89,683	—
Issuance of common stock	—	—	3,453	3,453
Net cash provided by (used in) financing activities	(136,306)	155,042	86,461	105,197
Net increase (decrease) in cash and cash equivalents	—	(7,139)	85,752	78,613
Cash and cash equivalents, beginning of the period	—	19,005	(1,253)	17,752
Cash and cash equivalents, end of period	$ —	$ 11,866	$84,499	$ 96,365

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$103,122	$ 31,814	$ —	$ 134,936
Investing activities:				
Purchase of property, plant and equipment	(15,515)	(2,176)	(336)	(18,027)
Nordural expansion	—	(280,086)	—	(280,086)
Acquisitions	—	—	(7,000)	(7,000)
Proceeds from sale of property, plant and equipment	6	118		124
Restricted cash deposits	(350)	—	—	(350)
Net cash used in investing activities	(15,859)	(282,144)	(7,336)	(305,339)
Financing activities:				
Borrowings of long-term debt	—	222,937	—	222,937
Repayment of long-term debt	—	(73,334)	(9,945)	(83,279)
Borrowings under revolving credit facility	—	—	8,069	8,069
Financing fees	—	(4,307)	(825)	(5,132)
Dividends	—	—	(16)	(16)
Intercompany transactions	(87,448)	122,280	(34,832)	—
Issuance of common stock	—	—	1,408	1,408
Net cash provided by (used in) financing activities	(87,448)	267,576	(36,141)	143,987
Net increase (decrease) in cash and cash equivalents	(185)	17,246	(43,477)	(26,416)
Cash and cash equivalents, beginning of the period	185	1,759	42,224	44,168
Cash and cash equivalents, end of period	$ —	$ 19,005	$ (1,253)	$ 17,752

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$14,071	$ 91,757	$ —	$ 105,828
Investing activities:				
Purchase of property, plant and equipment	(6,814)	(8,426)	—	(15,240)
Nordural expansion	—	(59,784)	—	(59,784)
Acquisitions	—	—	(198,584)	(198,584)
Restricted cash deposits	(1,174)	(504)	—	(1,678)
Net cash used in investing activities	(7,988)	(68,714)	(198,584)	(275,286)
Financing activities:				
Borrowings of long-term debt	—	883	425,000	425,883
Repayment of long-term debt	—	(110,826)	(315,055)	(425,881)
Repayment of related party debt	—	—	(14,000)	(14,000)
Financing fees	—	—	(13,062)	(13,062)
Dividends	—	—	(3,311)	(3,311)
Intercompany transactions	(6,002)	88,659	(82,657)	—
Issuance of common stock	—	—	215,793	215,793
Net cash provided by (used in) financing activities	(6,002)	(21,284)	212,708	185,422
Net increase in cash and cash equivalents	81	1,759	14,124	15,964
Cash and cash equivalents, beginning of the period	104	—	28,100	28,204
Cash and cash equivalents, end of period	$ 185	$ 1,759	$ 42,224	$ 44,168

CENTURY ALUMINUM COMPANY CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the quarterly period ended March 31, 2007

CENTURY ALUMINUM COMPANY

CONSOLIDATED BALANCE SHEETS

	March 31, 2007	December 31, 2006
	(Unaudited) (Dollars in thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 168,124	$ 96,365
Restricted cash	2,011	2,011
Accounts receivable — net	112,924	113,371
Due from affiliates	22,468	37,542
Inventories	163,843	145,410
Prepaid and other current assets	19,573	19,830
Deferred taxes — current portion	95,567	103,110
Total current assets	584,510	517,639
Property, plant and equipment — net	1,230,084	1,218,777
Intangible asset — net	58,097	61,594
Goodwill	94,844	94,844
Other assets	280,411	292,380
TOTAL	$2,247,946	$2,185,234
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 84,471	$ 64,849
Due to affiliates	279,318	282,282
Accrued and other current liabilities	55,549	75,143
Long term debt — current portion	14,611	30,105
Accrued employee benefits costs — current portion	11,083	11,083
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Total current liabilities	627,847	646,277
Senior unsecured notes payable	250,000	250,000
Nordural debt	325,176	309,331
Accrued pension benefits costs — less current portion	19,912	19,239
Accrued postretirement benefits costs — less current portion	210,885	206,415
Due to affiliates — less current portion	502,669	554,864
Other liabilities	42,974	27,811
Deferred taxes	47,461	41,587
Total noncurrent liabilities	1,399,077	1,409,247
CONTINGENCIES AND COMMITMENTS (NOTE 7)		
SHAREHOLDERS' EQUITY:		
Common stock (one cent par value, 100,000,000 shares authorized; 32,580,662 and 32,457,670 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively)	326	325
Additional paid-in capital	437,375	432,270
Accumulated other comprehensive loss	(136,715)	(166,572)
Accumulated deficit	(79,964)	(136,313)
Total shareholders' equity	221,022	129,710
TOTAL	$2,247,946	$2,185,234

See notes to consolidated financial statements

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2007	2006
	(In thousands, except per share amounts) (Unaudited)	
NET SALES:		
Third-party customers	$380,853	$ 298,473
Related parties	66,804	48,473
	447,657	346,946
Cost of goods sold	337,005	270,478
Gross profit	110,652	76,468
Selling, general and administrative expenses	12,967	12,119
Operating income	97,685	64,349
Interest expense	(11,043)	(6,751)
Interest income	2,013	196
Net gain (loss) on forward contracts	390	(286,760)
Other expense — net	(156)	(161)
Income (loss) before income taxes and equity in earnings of joint ventures	88,889	(229,127)
Income tax benefit (expense)	(28,087)	84,356
Income (loss) before equity in earnings of joint ventures	60,802	(144,771)
Equity in earnings of joint ventures	3,447	3,200
Net income (loss)	$ 64,249	$(141,571)
EARNINGS (LOSS) PER COMMON SHARE:		
Basic	$ 1.98	$ (4.39)
Diluted	$ 1.87	$ (4.39)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	32,508	32,263
Diluted	34,426	32,263

See notes to consolidated financial statements

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2007	2006
	(Dollars in thousands) (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 64,249	$(141,571)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Unrealized net (gain) loss on forward contracts	(27,399)	286,138
Depreciation and amortization	18,905	14,897
Deferred income taxes	8,087	(84,356)
Pension and other post retirement benefits	5,143	3,503
Stock-based compensation	1,521	2,559
Loss on disposal of assets	180	—
Excess tax benefits from share-based compensation	(330)	(855)
Changes in operating assets and liabilities:		
Accounts receivable — net	447	(15,640)
Due from affiliates	15,074	(3,064)
Inventories	(18,433)	(16,529)
Prepaid and other current assets	(1,217)	(3,398)
Accounts payable — trade	24,429	4,724
Due to affiliates	5,381	(11,206)
Accrued and other current liabilities	(4,611)	(16,325)
Other — net	6,692	(2,838)
Net cash provided by operating activities	98,118	16,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Nordural expansion	(29,175)	(68,769)
Purchase of property, plant and equipment	(2,438)	(2,632)
Restricted and other cash deposits	2,600	(4,001)
Net cash used in investing activities	(29,013)	(75,402)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long term debt	30,000	59,000
Repayment of long term debt	(29,649)	(143)
Net repayments under revolving credit facility	—	(2,969)
Excess tax benefits from shared-based compensation	330	855
Issuance of common stock	1,973	2,380
Net cash provided by financing activities	2,654	59,123
NET CHANGE IN CASH AND CASH EQUIVALENTS	71,759	(240)
Cash and cash equivalents, beginning of the period	96,365	17,752
Cash and cash equivalents, end of the period	$168,124	$ 17,512

See notes to consolidated financial statements

(Dollars in thousands, except per share amounts)

1. General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2006. In management's opinion, the unaudited interim consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for the first three months of 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. Unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

2. Earnings Per Share

The following table provides a reconciliation of the computation of the basic and diluted earnings per share:

	For the Three Months Ended March 31,					
	2007			2006		
	Income	Shares	Per-Share	Income	Shares	Per-Share
Net income (loss)	$64,249			$(141,571)		
Basic EPS:						
Income (loss) applicable to common shareholders	64,249	32,508	$1.98	(141,571)	32,263	$(4.39)
Effect of Dilutive Securities:						
Plus:						
Options	—	53		—	—	
Service-based stock awards	—	69		—	—	
Assumed conversion of convertible debt	—	1,796		—	—	
Diluted EPS:						
Income (loss) applicable to common shareholders with assumed conversion	$64,249	34,426	$1.87	$(141,571)	32,263	$(4.39)

Options to purchase 443,697 and 358,101 shares of common stock were outstanding during the periods ended March 31, 2007 and 2006, respectively. There were 83,334 and 83,500 unvested shares of service-based stock outstanding at March 31, 2007 and March 31, 2006, respectively. Based on the average price for our common stock in the three months ended March 31, 2007 and March 31, 2006, we would have been required to issue approximately 1,796,000 and 683,000 shares, respectively, upon an assumed conversion of our convertible debt. For the three month period ending March 31, 2007, 85,000 options were excluded from the calculation of diluted EPS because the exercise price of these options was greater than the average market price of the underlying common stock. For the three month period ending March 31, 2006, all options, service-based stock, and shares to be issued upon the assumed conversion of our convertible debt were excluded from the calculation of diluted EPS because of their antidilutive effect on earnings per share.

Service-based stock for which vesting is based upon continued service is not considered issued and outstanding shares of common stock until vested. However, the service-based stock is considered a common stock equivalent and therefore are included, using the treasury stock method, in average common shares outstanding for diluted earnings per share computations, if they have a dilutive effect on earnings per share. Our goal-based performance share units are not considered common stock equivalents until it becomes probable that performance goals will be obtained.

3. Income Taxes

We adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), on January 1, 2007. As a result of adoption, we decreased our January 1, 2007 retained earnings balance approximately $7,900. As of the adoption date, we had unrecognized tax benefits of $21,800. If recognized, $18,300 of this amount would affect the effective tax rate.

It is our policy to recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized approximately $5,000 of interest at January 1, 2007 which is included as a component of the $21,800 unrecognized tax benefit noted above. During the three months ended March 31, 2007, we recognized approximately $700 in potential interest associated with uncertain tax positions.

Century and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions, and Iceland. We have substantially concluded all material U.S. federal income tax matters for years through 1999. Federal income tax returns for 2000 through 2002 are currently under examination by the Internal Revenue Service (IRS). In connection with these examinations, the IRS has raised issues and proposed tax deficiencies. We have filed an administrative appeal with the IRS and it is likely that this examination will conclude in 2007. Returns beginning in 2003 are subject to examination. Material state and local income tax matters have been concluded for years through 2002. West Virginia income tax returns for 2003 through 2005 are currently under examination and the majority of other state returns beginning in 2003 are subject to examination. We are not currently under examination for our Icelandic filed tax returns and income tax matters have been concluded for years through 2001.

We do not expect a significant change in the balance of unrecognized tax benefits within the next twelve months with the exception of reductions for potential payments to the IRS to settle the examination as noted above.

4. Inventories

Inventories consist of the following:

	March 31, 2007	December 31, 2006
Raw materials	$ 77,192	$ 61,749
Work-in-process	26,693	20,528
Finished goods	6,054	5,435
Operating and other supplies	53,904	57,698
Inventories	$163,843	$145,410

Inventories are stated at the lower of cost or market, using the first-in, first-out method.

5. Goodwill and Intangible Asset

We test our goodwill for impairment annually in the second quarter of the fiscal year and at other times whenever events or circumstances indicate that the carrying amount of goodwill may exceed its fair value. If the carrying value of goodwill exceeds its fair value, an impairment loss will be recognized. No impairment loss was recorded in 2007 or 2006. The fair value is estimated using market comparable information.

The intangible asset consists of the power contract acquired in connection with our acquisition of the Hawesville facility ("Hawesville"). The contract value is being amortized over its term using a method that results in annual amortization equal to the percentage of a given year's expected gross annual benefit to the total as applied to the total recorded value of the power contract. As of March 31, 2007, the gross carrying amount of the intangible asset was $155,986 with accumulated amortization of $97,889.

For the three month periods ended March 31, 2007 and 2006, amortization expense for the intangible asset totaled $3,497 and $3,262, respectively. For the year ending December 31, 2007, the estimated aggregate amortization expense for the intangible asset will be approximately $13,991. The estimated aggregate amortization expense for the intangible asset through the Hawesville power contract's term is as follows:

	2008	2009	2010
Estimated Amortization Expense	$15,076	$16,149	$16,378

The intangible asset is reviewed for impairment in accordance with SFAS 142, "Goodwill and Other Intangible Assets," whenever events or circumstances indicate that its net carrying amount may not be recoverable.

6. Debt

	March 31, 2007	December 31, 2006
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually(1)(2)(5)(6)	$175,000	$175,000
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Current portion of long-term debt	14,611	30,105
Debt classified as non-current liabilities:		
7.5% senior unsecured notes payable due 2014, interest payable semiannually(5)(6)(8)	250,000	250,000
Nordural's senior term loan facility maturing in 2010, variable interest rate, principal and interest payments due semiannually through 2010, less current portion(3)(4)(7)	317,500	301,500
Nordural's various loans, with interest rates ranging from 2.70% to 6.75% due through 2020, less current portion	7,676	7,831
Total Debt	$772,602	$772,251

(1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The convertible notes are classified as current because they are convertible at any time by the holder. The IRB interest rate at March 31, 2007 was 3.95%.

(2) The convertible notes are convertible at any time by the holder at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of convertible notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a convertible note, the holder of such convertible note shall receive cash equal to the principal amount of the convertible note and, at our election, either cash or Century common stock, or a combination thereof, for the convertible notes conversion value in excess of such principal amount, if any.

(3) Nordural's senior term loan interest rate at March 31, 2007 was 6.87%. The $365.0 million loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006.

(4) Nordural's obligations under the term loan facility are secured by a pledge of all of Nordural's shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural's assets are pledged as security under the loan facility.

(5) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries.

(6) The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

(7) The term loan agreement repayment schedule was amended in March 2007 to allow a prepayment of the August 2007 principal payment for March 31, 2007. A further amendment in April 2007 and associated prepayment of principal eliminated all periodic principal payments. All remaining outstanding principal amount is due February 28, 2010.

(8) On or after August 15, 2009, we may redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principal amount, plus accrued and unpaid interest, beginning on August 15, 2012.

We have a $100,000 senior secured revolving credit facility ("Credit Facility") with a syndicate of banks that will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., Century California, LLC and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We could issue up to a maximum of $25,000 in letters of credit under the Credit Facility. We have issued letters of credit totaling $2,117 as of March 31, 2007. We had no other outstanding borrowings under the Credit Facility as of March 31, 2007. As of March 31, 2007, we had a borrowing availability of $97,646 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

7. Contingencies and Commitments

Environmental Contingencies

We believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, there can be no assurance that future requirements or conditions at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. ("CAWV") continues to perform remedial measures at our Ravenswood, West Virginia facility ("Ravenswood") pursuant to an order issued by the Environmental Protection Agency ("EPA") in 1994 (the "3008(h) Order"). CAWV also conducted a RCRA facility investigation ("RFI") under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. CAWV has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

Prior to our purchase of Hawesville, the EPA issued a final Record of Decision ("ROD") under the Comprehensive Environmental Response, Compensation and Liability Act. By agreement, Southwire is to perform all obligations under the ROD. Century Aluminum of Kentucky, LLC ("Century Kentucky") has agreed to operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

Century is a party to an EPA Administrative Order on Consent (the "Order") pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation ("Lockheed"), which sold the facility to one of our affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to the terms of the Lockheed — Vialco Asset Purchase Agreement. Management does not believe Vialco's liability under the Order or its indemnity to Lockheed will require material payments. Through March 31, 2007, we have expended approximately $700 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, we expect the future potential payments under this indemnification to comply with the Order will be approximately $500, which may be offset in part by sales of recoverable hydrocarbons.

In May 2005, Century and Vialco were among the defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. Lockheed has tendered indemnity and defense of the case to Vialco pursuant to terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees. Vialco and the other defendants have filed separate motions to dismiss asserting certain affirmative defenses including the statute of limitations. No ruling on those motions has been rendered as of this date.

In July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC (formerly Pechiney Rolled Products, LLC) in July 1999. The complaint also seeks costs and attorney fees.

In December 2006, Vialco and the company that purchased the assets of Vialco in St. Croix in 1995 were named as defendants in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources. The complaint alleges the defendants failed to take certain actions specified in a Coastal Zone management permit issued to Vialco in October, 1994, and seeks statutory and other unspecified monetary penalties for the alleged violations. Vialco recently filed its answer to the complaint asserting factual and affirmative defenses.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $817 and $605 at March 31, 2007 and December 31, 2006, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries.

With respect to cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and our inability to predict the requirements of future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance will not have a material adverse effect on our future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on our financial condition, results of operations, or liquidity.

Legal Contingencies

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity.

Power Commitments

Hawesville currently purchases substantially all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Approximately 73% of this power is at fixed prices. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corporation ("LG&E"), with delivery guaranteed by LG&E. For 2007, all but three percent (approximately 14 megawatts ("MW")) of our power requirements at Hawesville are priced. Hawesville's unpriced power requirements increase to 27% (126 MW) of its total power requirements in calendar years 2008 through 2010.

In February 2007, we were informed that the Corps of Engineers ("COE") is planning to lower reservoir water levels on the Cumberland River for repair and maintenance. This will reduce electrical production from the dams of these reservoirs that were expected to provide a portion of the electrical power we purchase from Big Rivers Electrical Corp. for the use by our Hawesville facility during 2007.

Based on current expectations of reservoir levels, we expect any impact to be limited to the summer months, when usage rates on the Big Rivers system are at peak consumption. Based on our most recent information from the COE, we expect this to affect only approximately 1.5% of Hawesville's load requirements during this period. We are exploring alternative sources of energy during the summer period and we may have to pay a premium over and above our power contracts for this energy. Based on the current market for electrical power, we do not expect the premium to have a material adverse effect on our financial condition, results of operation or liquidity.

Appalachian Power Company supplies all of Ravenswood's power requirements under an agreement at prices set forth in published tariffs, which are subject to change. In 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design through June 2009 in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. After December 31, 2007, CAWV may terminate the agreement by providing 12 months notice of termination.

The Mt. Holly facility ("Mt. Holly") purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. Mt. Holly's current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Nordural facility at Grundartangi, Iceland ("Grundartangi") purchases power from Landsvirkjun (a power company owned by the Republic of Iceland), Hitaveita Suðurnesja hf. ("HS") and Orkuveita Reykjavíkur ("OR") under long-term contracts due to expire in 2019, 2026 and 2028. The power delivered to Grundartangi is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources.

In April 2006, we announced an expansion of the Grundartangi facility from 220,000 metric tonnes per year ("mtpy") to 260,000 mtpy ("Phase V expansion") which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

In June 2006, Nordural signed a memorandum of understanding ("MOU") to purchase power from HS and OR for a planned primary aluminum reduction facility in Helguvik, Iceland. Under the agreement, power will be supplied to the planned Helguvik facility in stages, beginning with an initial phase of up to 250 MW, which will support production capacity of up to 150,000 mtpy. HS will provide up to 150 MW in this initial stage, and OR will supply up to 100 MW. Electricity delivery for this first phase is targeted for 2010. The MOU provides for a total of 435 MW, which will ultimately provide power for a 250,000 mtpy facility. The agreement is subject to the satisfaction of certain conditions related to the construction of the Helguvik facility.

Labor Commitments

Approximately 81% of our U.S. based work force is represented by the United Steelworkers of America (the "USWA"). In May 2006, our Hawesville, Kentucky plant employees represented by the USWA ratified a four-year collective bargaining agreement that will extend through April 1, 2010. The agreement covers approximately 600 hourly workers at the Hawesville plant. In August 2006, our Ravenswood plant employees represented by the USWA ratified a three-year labor agreement that will extend through May 31, 2009. The agreement covers approximately 580 hourly employees at the Ravenswood plant.

Approximately 90% of Grundartangi's work force is represented by five labor unions under an agreement that expires on December 31, 2009.

Other Commitments and Contingencies

At March 31, 2007 and December 31, 2006, we had outstanding capital commitments of approximately $57,376 and $67,732, respectively, primarily related to the Grundartangi Phase V expansion project. Our cost commitments for the Grundartangi expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Icelandic krona and the Euro.

In May 2006, we purchased foreign currency options with a notional value of $41,627 to hedge a portion of our foreign currency risk from our exposure to the Icelandic krona associated with capital expenditures from the ongoing Phase V project at Grundartangi. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of March 31, 2007, the fair value of the options of $2,937 is recorded in other assets. Included in accumulated other comprehensive income is an after-tax unrealized gain of $2,326.

8. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, we are exposed to fluctuating raw material and primary aluminum prices. We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods. The following tables present our long-term primary aluminum sales and tolling contracts. Certain contracts are with a related party, Glencore International AG (together with its subsidiaries, "Glencore").

Forward Physical Delivery Agreements

Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I(1)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II(2)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum) (3)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1)(4)	BHP Billiton	130,000 mtpy	Through December 31, 2013	LME-based
Glencore Toll Agreement(2)(3)(4)	Glencore	90,000 mtpy	Through July 2016	LME-based

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tonnes to 130,000 metric tonnes of the per annum production capacity at Grundartangi effective in the fourth quarter of 2006.

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 mtpy of the Phase III/IV expansion capacity at Grundartangi. Deliveries on this contract began in July 2006.

(3) In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum for the period 2007 to 2010.

(4) Grundartangi's tolling revenues include a premium based on the European Union ("EU") import duty for primary aluminum. In May 2007, the European Union members reduced the European Union ("EU") import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi revenues.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreements, we had forward delivery contracts to sell 100,436 metric tonnes and 132,726 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 102 metric tonnes and 2,538 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively, of which none were with Glencore.

Financial Sales Agreements

To mitigate the volatility in our variable priced forward delivery contracts, we enter into fixed price financial sales contracts which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is the counterparty for all of the contracts summarized below:

Primary Aluminum Financial Sales Contracts as of:

	March 31, 2007			December 31, 2006		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
	(Metric tonnes)					
2007	81,000	37,800	118,800	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009	—	105,000	105,000	—	105,000	105,000
2010	—	105,000	105,000	—	105,000	105,000
2011	—	75,000	75,000	—	75,000	75,000
2012-2015	—	300,000	300,000	—	300,000	300,000
Total	90,000	723,000	813,000	128,500	735,600	864,100

The contracts accounted for as derivatives contain clauses that trigger additional volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 723,000 metric tonnes. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at March 31, 2007 or December 31, 2006.

Additionally, to mitigate the volatility of the natural gas markets, we enter into financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Natural Gas Financial Purchase Contracts as of:

	March 31, 2007	December 31, 2006
	(Thousands of MMBTU)	
2007	810	2,200
2008	480	480
Total	1,290	2,680

Based on the fair value of our financial sales contracts for primary aluminum and financial purchase contracts for natural gas that qualify as cash flow hedges as of March 31, 2007, an accumulated other comprehensive loss of $63,703 is expected to be reclassified as a reduction to earnings over the next 12 month period.

In the event of a material adverse change in our creditworthiness, Glencore has the option to require a letter of credit, or any other acceptable security or collateral for outstanding balances on these contracts.

The forward financial sales and purchase contracts are subject to counterparty credit risk. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

9. Supplemental Cash Flow Information

	Three Months Ended March 31,	
	2007	2006
Cash paid for:		
Interest	$17,127	$15,080
Income tax	17,640	6,698
Cash received for:		
Interest	1,596	196
Income tax refunds	—	135
Non-cash investing activities:		
Accrued Grundartangi expansion costs	(3,656)	(5,534)

Non-cash Activities

In the first quarter of 2007, we issued 50,985 shares as part of our performance share program to satisfy a $2,281 performance share liability to certain key employees. In addition, we recorded a $7,900 noncash adjustment to the beginning balance of our retained earnings as part of the adoption of FIN 48, see Note 3.

During the three month periods ended March 31, 2007 and 2006, we capitalized interest costs incurred in the construction of equipment of $1,216, and $3,852, respectively.

10. Asset Retirement Obligations

The reconciliation of the changes in the asset retirement obligation is as follows:

	For the Three Months Ended March 31, 2007	For the Year Ended December 31, 2006
Beginning balance, ARO liability	$12,864	$11,808
Additional ARO liability incurred	510	2,302
ARO liabilities settled	(587)	(2,236)
Accretion expense	258	990
Ending balance, ARO liability	$13,045	$12,864

11. Recently Issued Accounting Standards

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." The Statement would permit us to choose to measure certain financial instruments and other items at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date. The Statement is effective for us as of January 1, 2008. We are currently assessing the Statement and have not yet determined what, if any, impact the adoption of SFAS No. 159 will have on our financial position or results of operations.

12. Comprehensive Income and Accumulated Other Comprehensive Income (Loss)

Comprehensive Income:

	Three Months Ended March 31,	
	2007	2006
Net income (loss)	$64,249	$(141,571)
Other comprehensive income (loss):		
Net unrealized (gain) loss on financial instruments, net of tax of $1,452 and $26,613, respectively	1,178	(47,272)
Net amount reclassified to income, net of tax of $(19,234) and $(8,719), respectively	29,248	15,301
Adjustment of pension and other postretirement benefit plan liabilities, net of tax of $375	(570)	—
Comprehensive income (loss)	$94,105	$(173,542)

Components of Accumulated Other Comprehensive Loss:

	March 31, 2007	December 31, 2006
Unrealized loss on financial instruments, net of $40,059 and $58,452 tax benefit	$ (60,912)	$ (90,728)
Pension and other postretirement benefit plan liabilities, net of $49,850 and $48,864 tax benefit, respectively	(75,803)	(75,844)
	$(136,715)	$(166,572)

13. Components of Net Periodic Benefit Cost

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2007	2006	2007	2006
Service cost	$ 974	$ 1,030	$1,761	$1,468
Interest cost	1,403	1,214	2,997	2,420
Expected return on plan assets	(1,695)	(1,700)	—	—
Amortization of prior service cost	182	103	(540)	(219)
Amortization of net gain	280	214	1,369	1,035
Net periodic benefit cost	$ 1,144	$ 861	$5,587	$4,704

14. Other Assets

Components of Other Assets:

	March 31, 2007	December 31, 2006
Deferred tax assets — noncurrent	$188,567	$203,452
Other assets (primarily investments in joint ventures)	79,533	75,950
Capitalized financing fees	12,311	12,978
	$280,411	$292,380

15. Condensed Consolidating Financial Information

Our 7.5% Senior Notes due 2014, and 1.75% Convertible Senior Notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries, except for Nordural US LLC. The subsidiary guarantors are each 100% owned by Century. All guarantees are full and unconditional and all guarantees are joint and several. These notes are not guaranteed by our foreign subsidiaries (such subsidiaries and Nordural US LLC, collectively the "Non-Guarantor Subsidiaries"). Our policy for financial reporting purposes is to allocate corporate expenses or income to subsidiaries. For the three months ended March 31, 2007 and March 31, 2006, we allocated total corporate expense of $2,646 and $3,601 to our subsidiaries, respectively. Additionally, we charge interest on certain intercompany balances.

The following summarized condensed consolidating balance sheets as of March 31, 2007 and December 31, 2006, condensed consolidating statements of operations for the three months ended March 31, 2007 and March 31, 2006 and the condensed consolidating statements of cash flows for the three months ended March 31, 2007 and March 31, 2007 present separate results for Century, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had Century, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

CONDENSED CONSOLIDATING BALANCE SHEET
As of March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ 34,419	$ 133,705	$ —	$ 168,124
Restricted cash	2,011	—	—	—	2,011
Accounts receivable — net	97,270	15,654	—	—	112,924
Due from affiliates	302,034	2,312	933,800	(1,215,678)	22,468
Inventories	133,095	30,932	—	(184)	163,843
Prepaid and other assets	2,631	14,693	2,249	—	19,573
Deferred taxes — current portion	53,291	—	11,006	31,270	95,567
Total current assets	590,332	98,010	1,080,760	(1,184,592)	584,510
Investment in subsidiaries	25,344	—	108,535	(133,879)	—
Property, plant and equipment — net	429,858	799,212	1,014	—	1,230,084
Intangible asset — net	58,097	—	—	—	58,097
Goodwill	—	94,844	—	—	94,844
Other assets	44,225	19,413	373,373	(156,600)	280,411
Total assets	$1,147,856	$1,011,479	$1,563,682	$(1,475,071)	$2,247,946
Liabilities and Shareholders' Equity:					
Accounts payable — trade	$ 53,516	$ 30,916	$ 39	$ —	$ 84,471
Due to affiliates	586,743	57,807	348,174	(713,406)	279,318
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	14,611	—	—	14,611
Accrued and other current liabilities	16,866	5,759	32,924	—	55,549
Accrued employee benefits costs — current portion	9,802	—	1,281	—	11,083
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	674,742	109,093	557,418	(713,406)	627,847
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	325,176	—	—	325,176
Accrued pension benefit costs — less current portion	4,003	—	15,909	—	19,912
Accrued postretirement benefit costs — less current portion	209,520	—	1,365	—	210,885
Other liabilities/intercompany loan	162,648	361,024	15,299	(495,997)	42,974
Due to affiliates — less current portion	—	—	502,669	—	502,669
Deferred taxes	160,612	18,638	—	(131,789)	47,461
Total noncurrent liabilities	536,783	704,838	785,242	(627,786)	1,399,077
Shareholders' equity:					
Common stock	60	12	326	(72)	326
Additional paid-in capital	259,248	85,190	437,375	(344,438)	437,375
Accumulated other comprehensive income (loss)	(142,892)	4,690	(136,715)	138,202	(136,715)
Retained earnings (accumulated deficit)	(180,085)	107,656	(79,964)	72,429	(79,964)
Total shareholders' equity	(63,669)	197,548	221,022	(133,879)	221,022
Total liabilities and shareholders' equity	$1,147,856	$1,011,479	$1,563,682	$(1,475,071)	$2,247,946

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ 11,866	$ 84,499	$ —	$ 96,365
Restricted cash	2,011	—	—	—	2,011
Accounts receivable — net	98,690	14,681	—	—	113,371
Due from affiliates	55,853	6,779	752,954	(778,044)	37,542
Inventories	112,975	32,604	—	(169)	145,410
Prepaid and other assets	4,603	12,981	2,246	—	19,830
Deferred taxes — current portion	66,530	—	11,007	25,573	103,110
Total current assets	340,662	78,911	850,706	(752,640)	517,639
Investment in subsidiaries	22,229	—	20,967	(43,196)	—
Property, plant and equipment — net	436,980	780,879	918	—	1,218,777
Intangible asset — net	61,594	—	—	—	61,594
Goodwill	—	94,844	—	—	94,844
Other assets	41,599	19,297	368,913	(137,429)	292,380
Total assets	$ 903,064	$973,931	$1,241,504	$(933,265)	$2,185,234
Liabilities and Shareholders' Equity:					
Accounts payable — trade	$ 34,993	$ 29,804	$ 52	$ —	$ 64,849
Due to affiliates	381,853	56,665	73,734	(229,970)	282,282
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	30,105	—	—	30,105
Accrued and other current liabilities	21,381	4,522	49,240	—	75,143
Accrued employee benefits costs — current portion	9,803	—	1,280	—	11,083
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	455,845	121,096	299,306	(229,970)	646,277
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	309,331	—	—	309,331
Accrued pension benefit costs — less current portion	3,624	—	15,615	—	19,239
Accrued postretirement benefit costs — less current portion	205,092	—	1,323	—	206,415
Other liabilities/intercompany loan	215,839	353,997	—	(542,025)	27,811
Due to affiliates — less current portion	9,314	—	545,550	—	554,864
Deferred taxes	143,421	16,240	—	(118,074)	41,587
Total noncurrent liabilities	577,290	679,568	812,488	(660,099)	1,409,247
Shareholders' equity:					
Common stock	60	12	325	(72)	325
Additional paid-in capital	259,248	85,190	432,270	(344,438)	432,270
Accumulated other comprehensive income (loss)	(172,685)	2,791	(166,572)	169,894	(166,572)
Retained earnings (accumulated deficit)	(216,694)	85,274	(136,313)	131,420	(136,313)
Total shareholders' equity	(130,071)	173,267	129,710	(43,196)	129,710
Total liabilities and shareholders' equity	$ 903,064	$973,931	$1,241,504	$(933,265)	$2,185,234

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$293,748	$ 87,105	$ —	$ —	$380,853
Related parties	39,413	27,391	—	—	66,804
	333,161	114,496	—	—	447,657
Cost of goods sold	262,490	74,869	—	(354)	337,005
Gross profit	70,671	39,627	—	354	110,652
Selling, general and admin expenses	11,103	1,864	—	—	12,967
Operating income	59,568	37,763	—	354	97,685
Interest expense — third party	(6,019)	(5,024)	—	—	(11,043)
Interest expense — affiliates	8,061	(8,061)	—	—	—
Interest income	1,599	414	—	—	2,013
Net gain on forward contracts	390	—	—	—	390
Other income (expense) — net	91	(247)	—	—	(156)
Income before taxes and equity in earnings (loss) of subsidiaries and joint ventures	63,690	24,845	—	354	88,889
Income tax expense	(24,730)	(3,230)	—	(127)	(28,087)
Net income before equity in earnings (loss) of subsidiaries and joint ventures	38,960	21,615	—	227	60,802
Equity earnings (loss) of subsidiaries and joint ventures	5,551	768	64,249	(67,121)	3,447
Net income (loss)	$ 44,511	$ 22,383	$64,249	$(66,894)	$ 64,249

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended March 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 253,181	$45,292	$ —	$ —	$ 298,473
Related parties	48,473	—	—	—	48,473
	301,654	45,292	—	—	346,946
Cost of goods sold	241,214	29,967	—	(703)	270,478
Gross profit	60,440	15,325	—	703	76,468
Selling, general and admin expenses	11,968	151	—	—	12,119
Operating income	48,472	15,174	—	703	64,349
Interest expense — third party	(6,390)	(361)	—	—	(6,751)
Interest expense — affiliates	7,449	(7,449)	—	—	—
Interest income	56	140	—	—	196
Net loss on forward contracts	(286,760)	—	—	—	(286,760)
Loss on early extinguishment of debt	—	—	—	—	—
Other expense — net	(106)	(55)	—	—	(161)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(237,279)	7,449	—	703	(229,127)
Income tax benefit (expense)	84,129	480	—	(253)	84,356
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(153,150)	7,929	—	450	(144,771)
Equity earnings (loss) of subsidiaries and joint ventures	3,534	784	(141,571)	140,453	3,200
Net income (loss)	$(149,616)	$ 8,713	$(141,571)	$140,903	$(141,571)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the three months ended March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 65,420	$ 32,698	$ —	$ 98,118
Investing activities:				
Purchase of property, plant and equipment	(1,410)	(899)	(129)	(2,438)
Nordural expansion	—	(29,175)	—	(29,175)
Restricted cash deposits	2,600	—	—	2,600
Net cash provided by (used in) investing activities	1,190	(30,074)	(129)	(29,013)
Financing activities:				
Borrowings of long-term debt	—	30,000	—	30,000
Repayment of long-term debt	—	(29,649)	—	(29,649)
Excess tax benefits from share-based compensation	—	—	330	330
Intercompany transactions	(66,610)	19,578	47,032	—
Issuance of common stock	—	—	1,973	1,973
Net cash provided by (used in) financing activities	(66,610)	19,929	49,335	2,654
Net change in cash and cash equivalents	—	22,553	49,206	71,759
Beginning cash and cash equivalents	—	11,866	84,499	96,365
Ending cash and cash equivalents	$ —	$ 34,419	$133,705	$168,124

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the three months ended March 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$13,212	$ 2,827	$ —	$ 16,039
Investing activities:				
Purchase of property, plant and equipment	(647)	(1,981)	(4)	(2,632)
Nordural expansion	—	(68,769)	—	(68,769)
Restricted cash deposits	(4,001)	—	—	(4,001)
Net cash used in investing activities	(4,648)	(70,750)	(4)	(75,402)
Financing activities:				
Borrowings of long-term debt	—	59,000	—	59,000
Repayment of long-term debt	—	(143)	—	(143)
Net repayments under revolving credit facility	—	—	(2,969)	(2,969)
Excess tax benefits from share-based compensation	—	—	855	855
Intercompany transactions	(8,564)	10,029	(1,465)	—
Issuance of common stock	—	—	2,380	2,380
Net cash provided by (used in) financing activities	(8,564)	68,886	(1,199)	59,123
Net change in cash and cash equivalents	—	963	(1,203)	(240)
Beginning cash and cash equivalents	—	19,005	(1,253)	17,752
Ending cash and cash equivalents	$ —	$ 19,968	$(2,456)	$ 17,512

16. Subsequent Event

On April 30, 2007, Nordural made a $70,000 optional principal payment under its term loan.

PROSPECTUS

Century ALUMINUM

COMMON STOCK

Century Aluminum Company may offer and sell shares of its common stock from time to time in amounts, at prices and on terms that will be determined at the time of any such offering.

Each time our common stock is offered pursuant to this prospectus, we will provide a prospectus supplement and attach it to this prospectus. The prospectus supplement will contain more specific information about the offering. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus may not be used to offer or sell our common stock without a prospectus supplement describing the method and terms of the offering.

We may sell our common stock directly or to or through underwriters, to other purchasers and/or through agents. For additional information on the method of sale, you should refer to the section of this prospectus entitled "Plan of Distribution" on page B-6. If any underwriters are involved in the sale of our common stock offered by this prospectus and any prospectus supplement, their names, and any applicable purchase price, fee, commission or discount arrangement between us and them will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement.

You should carefully read this prospectus and any accompanying prospectus supplement, together with the documents we incorporate by reference, before you invest in our common stock.

Our common stock is listed on the Nasdaq Global Select Market under the symbol "CENX."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 29, 2007.

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You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We are offering to sell and are seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date such information is presented regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of common stock.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration process. Under this shelf registration process, we may, from time to time, offer or sell shares of our common stock in one or more offerings. This prospectus provides you with a general description of the common stock we may offer. Each time we sell common stock, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus, the relevant prospectus supplement and any "free writing prospectus" we may authorize to be delivered to you, together with additional information described under the next heading "Where You Can Find More Information."

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 to register the common stock offered under this prospectus. This prospectus is part of that registration statement and, as permitted by the SEC's rules, does not contain all the information required to be set forth in the registration statement. We believe that we have included or incorporated by reference all information material to investors in this prospectus, but some details that may be important for specific investment purposes have not been included. For further information, you may read the registration statement and the exhibits filed with or incorporated by reference into the registration statement.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy those reports, statements or other information at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and on the SEC's web site at *www.sec.gov.*

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus and the information that we subsequently file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than information in such documents that is deemed, in accordance with SEC rules, not to have been filed) until our offering is complete:

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (including those portions of our Proxy Statement on Schedule 14A relating to our 2007 Annual Meeting of Stockholders, which was filed on April 23, 2007, incorporated by reference therein);
- Our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007;
- Our Current Reports on Form 8-K dated: April 30, 2007; April 30, 2007 (amending our Current Report on Form 8-K dated August 8, 2006); March 20, 2007 (as amended by our Current Report on Form 8-K filed on April 13, 2007); March 1, 2007; and February 28, 2007;
- The description of our common stock contained in our Registration Statement on Form 8-A filed March 4, 1996.

To the extent any information contained in any Current Report on Form 8-K, or any exhibit thereto, was furnished to rather than filed with, the SEC, such information or exhibit is not incorporated by reference in this prospectus.

You may request a copy of those filings, at no cost, by telephoning us at (831) 642-9300 or writing us at the following address: Century Aluminum Company, 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, Attention: Corporate Secretary.

THE COMPANY

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange, or LME. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. We produced approximately 680,000 metric tons of primary aluminum in 2006 and recorded net sales of approximately $1.6 billion. In 2006 we more than doubled the capacity at our Grundartangi facility in Iceland from 90,000 metric tons per year, or "mtpy", at the time of our acquisition of the facility to 220,000 mtpy. Following such expansion, our total primary aluminum production capacity is currently 745,000 mtpy. With the ongoing further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy, our production capacity is scheduled to increase to 785,000 mtpy in the fourth quarter of 2007. In addition to our primary aluminum assets, we have 50 percent joint venture interests in an alumina refinery, located in Gramercy, Louisiana, and a related bauxite mining operation in Jamaica. The Gramercy refinery supplies substantially all of the alumina used for the production of primary aluminum at our Hawesville, Kentucky, primary aluminum facility.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. We have based these forward-looking statements on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as "expects," "anticipates," "plans," "believes," "projects," "estimates," "intends," "should," "could," "would," "will," "scheduled," "potential" and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those outlined in our SEC filings incorporated by reference, as well as the following:

- The cyclical nature of the aluminum industry causes variability in our earnings and cash flows;
- The loss of a customer to whom we deliver molten aluminum would increase our production costs and potentially our sales and marketing costs;
- Glencore owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;
- We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk;
- We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to one or more of our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;
- Due to volatile prices for alumina and electricity, the principal cost components of primary aluminum production, our production costs could be materially impacted if we experience changes to or disruptions in our current alumina or power supply arrangements, production costs at our alumina refining operation increase significantly, or if we are unable to obtain economic replacement contracts for our alumina supply or power as those contracts expire;
- By expanding our geographic presence and diversifying our operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, we are exposed to new risks and uncertainties that could adversely affect the overall profitability of our business;
- Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our margins;

- Most of our employees are unionized and any labor dispute could materially impair our ability to conduct our production operations at our unionized facilities;
- We are subject to a variety of existing environmental laws that could result in unanticipated costs or liabilities and our planned environmental spending over the next three years may be inadequate to meet our requirements;
- We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire;
- We cannot guarantee that our subsidiary Nordural will be able to complete its planned expansion of the Grundartangi facility from 220,000 mtpy to 260,000 mtpy in the time forecast or without cost overruns; and
- Our high level of indebtedness reduces cash available for other purposes and limits our ability to incur additional debt and pursue our growth strategy.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date hereof. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations and you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks described in our other SEC filings should be considered when reading any forward-looking statements in this document.

USE OF PROCEEDS

Unless we specify otherwise in a prospectus supplement, we intend to use the net proceeds from the sale of our common stock under this prospectus for general corporate purposes, including capital expenditures. From time to time we evaluate the possibility of acquiring businesses and additional production facilities, and we may use a portion of the proceeds as consideration for such acquisitions. Until we use the proceeds for any purpose, we expect to invest them in interest-bearing securities.

DESCRIPTION OF STOCK

General

Our authorized capital stock consists of 100,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. As of April 30, 2007, we had 32,585,080 shares of our common stock outstanding and 440,000 shares of our common stock issuable upon exercise of outstanding stock options under our stock option plans and approximately 520,000 shares of our common stock reserved for future issuance under our stock option plans and unvested shares of restricted stock.

The following summary description does not purport to be complete and is qualified in its entirety by the Delaware General Corporation Law, or DGCL, our restated certificate of incorporation and our amended and restated bylaws, which have been filed as exhibits to our filings with the SEC. See “Where You Can Find More Information.” Reference is made to the DGCL, our certificate of incorporation and our bylaws for a detailed description of the provisions we have summarized below.

Common Stock

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, including the election of directors. Our certificate of incorporation does not provide for cumulative voting in the election of directors. Accordingly, holders of a majority of the shares of our common stock entitled to vote in any election of directors may elect all the directors standing for election. Subject to any preferential rights of any outstanding series of preferred stock created by our board of directors, the holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors from funds which are legally available for that purpose. Upon the liquidation, dissolution or winding up of Century Aluminum, the holders of our common stock are entitled to receive ratably any of our net assets available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. All shares of our common stock currently outstanding are, and those to be issued upon the completion of any offering under a prospectus supplement will be, fully paid and nonassessable. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock which are currently outstanding or which we may designate and issue in the future. The rights, preferences and privileges of holders of our common stock may be modified, as permitted by the DGCL, by amendments to our certificate of incorporation or bylaws. Subject to the provisions of our certificate of incorporation, our bylaws may be altered, amended or repealed either by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board of directors, or by the affirmative vote of the holders of record of at least 66⅔ percent of the voting power of the outstanding shares of capital stock of the corporation entitled to vote at an annual meeting or at any special meeting at which a quorum shall be present. Our certificate of incorporation may be amended, except as described below under “Certain Provisions That May Have an Anti-Takeover Effect” by resolution of our board of directors which is approved by a majority of the shares of capital stock entitled to vote thereon.

Our bylaws provide that annual meetings of stockholders will be held each year on such date, and at such time, as will be fixed by our board of directors. Written notice of the time and place of the annual meeting must generally be given by mail to each stockholder entitled to vote at least ten days prior to the date of the annual meeting. Our certificate of incorporation and bylaws also provide that, subject to the rights of the holders of any class or series of our preferred stock, special meetings of the stockholders may only be called pursuant to a resolution adopted by a majority of the board of directors or the executive committee. Stockholders are not permitted to call a special meeting or to require the board or executive committee to call a special meeting of stockholders.

Preferred Stock

Under our certificate of incorporation, our board of directors is authorized to issue up to 5,000,000 shares of preferred stock without any vote or action by the holders of our common stock. Our board of directors may issue preferred stock in one or more series and determine for each series the dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting that series, as well as the designation thereof. Depending upon the terms of preferred stock established by our board of directors, any or all of the preferred stock could have preference over the common stock with respect to dividends and other distributions and upon the liquidation of Century. In addition, issuance of any shares of preferred stock with voting powers may dilute the voting power of the outstanding common stock.

Certain Provisions That May Have an Anti-Takeover Effect

The provisions of our certificate of incorporation and bylaws and the DGCL summarized in the following paragraphs may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

Issuance of preferred stock. Our certificate of incorporation provides our board of directors with the authority to issue shares of preferred stock and to set the voting rights, preferences and other terms thereof.

Business combinations. In addition to any affirmative vote required by law, our certificate of incorporation requires either: (1) the approval of a majority of the disinterested directors, (2) the approval of the holders of at least two-thirds of the aggregate voting power of the outstanding voting shares of Century, voting as a class, or (3) the satisfaction of certain minimum price requirements and other procedural requirements, as preconditions to certain business combinations with, in general, a person who is the beneficial owner of 10% or more of our outstanding voting stock.

Classified board. Our certificate of incorporation provides for a classified board of directors consisting of three classes as nearly equal in size as is practicable. Each class holds office until the third annual meeting for election of directors following the election of such class.

Number of directors; removal; vacancies. Our certificate of incorporation provides that the number of directors shall not be less than 3 nor more than 11. The directors shall have the exclusive power and right to set the exact number of directors within that range from time to time by resolution adopted by vote of a majority of the entire board of directors. The board can only be increased over 11 through amendment of our restated certificate of incorporation which requires a resolution of the board and the affirmative vote of the holders of at least two-thirds of the aggregate voting power of the outstanding shares of stock generally entitled to vote, voting as a class.

Our certificate of incorporation and bylaws further provide that directors may be removed only for cause and then only by the affirmative vote of the holders of at least two-thirds of the outstanding shares of stock generally entitled to vote, voting as a class. In addition, interim vacancies or vacancies created by an increase in the number of directors may be filled only by a majority of directors then in office. The foregoing provisions would prevent stockholders from removing incumbent directors without cause and filling the resulting vacancies with their own nominees.

No stockholder action by written consent; special meetings. Our certificate of incorporation generally provides that stockholder action may be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation and bylaws also provide that, subject to the rights of the holders of any class or series of our preferred stock, special meetings of the stockholders may only be called pursuant to a resolution adopted by a majority of the board of directors or the executive committee. Stockholders are not permitted to call a special meeting or to require the board or executive committee to call a special meeting of stockholders. Any call for a meeting must specify the matters to be acted upon at the meeting. Stockholders are not permitted to submit additional matters or proposals for consideration at any special meeting.

Stockholder proposals. The bylaws establish an advance notice procedure for nominations (other than by or at the direction of our board of directors) of candidates for election as directors at, and for proposals to be brought before, an annual meeting of stockholders. Subject to any other applicable requirements, the only business that may be conducted at an annual meeting is that which has been brought before the meeting by, or at the direction of, the board or by a stockholder who has given to the secretary of Century timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. In addition, only persons who are nominated by, or at the direction of, the board, or who are nominated by a stockholder who has given timely written notice, in proper form, to the secretary prior to a meeting at which directors are to be elected, will be eligible for election as directors.

Amendment of certain certificate provisions or bylaws. Our certificate of incorporation requires the affirmative vote of the holders of at least two-thirds of the aggregate voting power of the outstanding shares of our stock, voting as a class, generally entitled to vote to amend the foregoing provisions of our certificate of incorporation and the bylaws.

Section 203 of the DGCL. We are subject to Section 203 of the DGCL, which generally prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless: (1) prior to such date the board of directors of the corporation approved either the business combination or the transaction in which the person became an interested stockholder, (2) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the outstanding stock of the corporation, excluding shares owned by directors who are also officers of the corporation and shares owned by certain employee stock plans, or (3) on or after such date the business combination is approved by the board of directors of the corporation and by the affirmative vote of at least two-thirds of the outstanding voting stock of the corporation that is not owned by the interested stockholder. A "business combination" generally includes mergers, asset sales and similar transactions between the corporation and the interested stockholder, and other transactions resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns 15% or more of the corporation's voting stock or who is an affiliate or associate of the corporation and, together with his affiliates and associates, has owned 15% or more of the corporation's voting stock within three years.

The transfer agent and registrar for our common stock is Computershare Investor Services LLC.

PLAN OF DISTRIBUTION

We will set forth in the applicable prospectus supplement a description of the plan of distribution of the common stock that may be offered pursuant to this prospectus.

LEGAL MATTERS

The validity of the common stock offered through this prospectus will be passed upon for us by Pillsbury Winthrop Shaw Pittman LLP, San Francisco, California.

EXPERTS

The consolidated financial statements and the related financial statement schedule as of December 31, 2006 and 2005, and for each of the three years in the period ended December 31, 2006 and management's report on the effectiveness of internal control over financial reporting as of December 31, 2006 incorporated by reference in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports (1) express an unqualified opinion on the financial statements and include an explanatory paragraph relating to the Company's adoption of Statement of Financial Accounting Standard No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans,* (2) express an unqualified opinion on the financial statement schedule, (3) express an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting, and (4) express an unqualified opinion on the effectiveness of internal control over financial reporting) and have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

APPENDIX I

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-27918

CENTURY ALUMINUM COMPANY

(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of Incorporation or organization)*	**13-3070826** *(IRS Employer Identification No.)*
2511 Garden Road **Building A, Suite 200** **Monterey, California** *(Address of registrant's principal offices)*	**93940** *(Zip Code)*

Registrant's telephone number, including area code
(831) 642-9300

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class

Common Stock, $0.01 par value per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☑ No ☐

Based upon the NASDAQ closing price on June 30, 2004, the aggregate market value of the common stock held by non-affiliates of the registrant was $554,381,748. As of March 11, 2005, 32,070,306 shares of common stock of the registrant were issued and outstanding.

Documents Incorporated By Reference:

None.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. The Company has based these forward-looking statements on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as "expects," "anticipates," "plans," "believes," "projects," "estimates," "intends," "should," "could," "would," "will," and "potential" and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those discussed under Part I, Item 1, "Business," Part II, Item 7, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part II, Item 8, "Financial Statements and Supplementary Data," and:

- The Company's high level of indebtedness reduces cash available for other purposes, such as the payment of dividends, and limits the Company's ability to incur additional debt and pursue its growth strategy;
- The cyclical nature of the aluminum industry causes variability in the Company's earnings and cash flows;
- The loss of a customer to whom the Company delivers molten aluminum would increase the Company's production costs;
- Glencore International AG owns a large percentage of the Company's common stock and has the ability to influence matters requiring shareholder approval;
- The Company could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to its facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;
- Due to volatile prices for alumina, the principal raw material used in primary aluminum production, the Company's raw materials costs could be materially impacted if the Company experiences changes to or disruptions in its current alumina supply arrangements, or if production costs at the Company's recently acquired alumina refining operations increase significantly;
- By expanding the Company's geographic presence and diversifying its operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, the Company is exposed to new risks and uncertainties that could adversely affect the overall profitability of its business;
- Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect the Company's margins;
- Most of the Company's employees are unionized and any labor dispute or failure to successfully renegotiate an existing labor agreement could materially impair the Company's ability to conduct its production operations at its unionized facilities;
- The Company is subject to a variety of environmental laws that could result in unanticipated costs or liabilities;
- The Company may not realize the expected benefits of its growth strategy if it is unable to successfully integrate the businesses it acquires; and
- The Company cannot guarantee that the Company's subsidiary Nordural will be able to complete its expansion in the time forecast or without significant cost overruns or that the Company will be able to realize the expected benefits of the expansion.

Although the Company believes the expectations reflected in its forward-looking statements are reasonable, the Company cannot guarantee its future performance or results of operations. All forward-looking statements in this filing are based on information available to the Company on the date of this filing; however,

the Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks described above and elsewhere in this report, including in Item 7, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," should be considered when reading any forward-looking statements in this filing. Given these uncertainties and risks, the reader should not place undue reliance on these forward-looking statements.

The Company obtained the market data used throughout this Form 10-K from its own research and from surveys or studies conducted by third parties and cited in industry or general publications, including studies prepared by CRU International Inc., an internationally recognized research firm which collects and analyzes data about the aluminum industry. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While the Company believes that each of these studies and publications is reliable, the Company has not independently verified such data and does not make any representation as to its accuracy. Similarly, the Company believes its internal research is reliable but it has not been verified by any independent sources.

Item 1. *Business*

Overview

Century Aluminum Company ("Century" or the "Company") is a leading producer of primary aluminum. The Company's facilities produce value-added and standard-grade primary aluminum products. Century is the second largest primary aluminum producer in the United States, behind Alcoa Inc. (together with its affiliates, "Alcoa"). Century produced approximately 1.2 billion pounds of primary aluminum in 2004 with net sales of $1,060.7 million. In April 2004, the Company acquired Nordural, an Icelandic facility which is the Company's first facility located outside of the United States. The Company currently has an annual primary aluminum production capacity of approximately 1.4 billion pounds of primary aluminum with pro forma net sales of $1,099.1 million for the year ended December 31, 2004.

The Company currently owns:

- the Nordural facility, located in Grundartangi, Iceland, which began operations in 1998 and has an annual production capacity of 198 million pounds of primary aluminum, which will increase by up to 269 million pounds to approximately 467 million pounds upon completion of an ongoing expansion in 2006;
- the Hawesville facility, located in Hawesville, Kentucky, which began operations in 1970 and has an annual production capacity of 538 million pounds of primary aluminum;
- the Ravenswood facility, located in Ravenswood, West Virginia, which began operations in 1957 and has an annual production capacity of 375 million pounds of primary aluminum;
- a 49.7% ownership interest in the Mt. Holly facility, located in Mt. Holly, South Carolina, which began operations in 1980, contributes 243 million pounds to the Company's overall annual production capacity and is operated by Alcoa, which holds the remaining 50.3% ownership interest;
- a 50% joint venture interest in the Gramercy alumina refinery, located in Gramercy, Louisiana, which has an annual production capacity of 1.2 million metric tons of alumina; and
- a 50% joint venture interest in bauxite mining operations in Jamaica, which have an annual production capacity of approximately 4.5 million dry metric tons.

For a description of these facilities, see Part I, Item 1, "Facilities and Production."

The Company's strategic objectives are to grow its aluminum business by pursuing opportunities to acquire primary aluminum reduction facilities that offer favorable investment returns and lower its per unit production costs; diversifying the Company's geographic presence; and pursuing opportunities in bauxite mining and alumina refining. To date, the Company's growth activities have included:

- acquiring an additional 23% interest in the Mt. Holly facility in April 2000;
- acquiring an 80% interest in the Hawesville facility in April 2001;
- acquiring the remaining 20% interest in the Hawesville facility in April 2003;
- acquiring the Nordural facility in April 2004;
- expanding Nordural's production capacity; and
- acquiring through a joint venture its first alumina refining facility, together with related bauxite mining assets in October 2004.

For a description of these acquisitions, see Part I, "Acquisitions."

Prior to its initial public offering in April 1996, the Company was an indirect, wholly-owned subsidiary of Glencore International AG (together with its subsidiaries, "Glencore"). As of December 31, 2004, Glencore, the Company's largest shareholder, owned 29.1% of Century's outstanding common shares.

The Company files annual, quarterly, and other selected reports with the Securities and Exchange Commission ("SEC"). The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330 (1-800-732-0330). The SEC maintains a website (http://www.sec.gov) that contains reports, statements and other information regarding registrants that file electronically. Additional information about the Company may also be obtained from the Company's website, which is located at www.centuryca.com. The Company's website provides access to filings it has made through the SEC's EDGAR filing system, including its annual, quarterly and current reports filed on Forms 10-K, 10-Q and 8-K, respectively, and ownership reports filed on Forms 3, 4 and 5 after December 16, 2002 by the Company's directors, executive officers and beneficial owners of more than 10% of the Company's outstanding common stock. Information contained in the Company's website is not incorporated by reference in, and should not be considered a part of, this Annual Report on Form 10-K.

Acquisitions

The Gramercy Acquisition. On October 1, 2004, the Company and Noranda Finance Inc., through 50/50 joint venture companies, acquired an alumina refinery in Gramercy, Louisiana and related bauxite mining assets in Jamaica (collectively, the "Gramercy assets.") from Kaiser Aluminum & Chemical Company ("Kaiser"). The purchase price for the Gramercy assets was $23.0 million, subject to working capital adjustments. The Company paid one-half, or $11.5 million of the unadjusted purchase price, which was funded with available cash. Noranda paid the remaining $11.5 million.

Nordural Acquisition. On April 27, 2004, the Company completed the acquisition of Nordural hf (now known as Nordural ehf.) ("Nordural") from Columbia Ventures Corporation, a privately-owned investment company headquartered in Vancouver, Washington. Nordural is an Icelandic company that owns and operates the Nordural facility, a primary aluminum reduction facility located in Grundartangi, Iceland, approximately 25 miles northwest of Reykjavik, Iceland's capital. The Company paid $195.3 million, which was paid with a portion of the proceeds of the Company's public equity offering of 9,000,000 shares of its common stock in April 2004 at a price to the public of $24.50 per share.

Hawesville's Remaining 20% Interest. On April 1, 2003, the Company acquired the remaining 20% interest in the Hawesville facility owned by Glencore for a purchase price of $99.4 million. The Company also assumed Glencore's pro rata share of the industrial revenue bonds and post-closing payments to Southwire, which are described below. As a result of this acquisition, the Company owns all of the Hawesville facility. The Company financed a portion of the purchase price by issuing a six-year $40.0 million note to Glencore bearing interest at a rate of 10% per annum (the "Glencore Note"). The Company repaid $26.0 million of

principal under the Glencore Note in the fourth quarter of 2003, and the balance of $14.0 million in April 2004.

80% Interest in the Hawesville Facility. Effective April 1, 2001, the Company completed the acquisition of the Hawesville facility from Southwire Company ("Southwire"), a privately held wire and cable manufacturing company. Concurrently with the acquisition, the Company effectively sold a 20% interest in the Hawesville facility to Glencore. As part of the acquisition, the Company and Glencore each assumed a pro rata share of industrial revenue bonds related to the Hawesville facility in the principal amount of $7.8 million and post-closing payments to Southwire of up to $7.0 million if the market price of primary aluminum exceeds specified levels during any of the seven years following closing. The entire $7.0 million will become due in April 2005.

Facilities and Production

Nordural Facility

The Nordural facility is owned by Nordural ehf, a wholly-owned indirect subsidiary of the Company. The Nordural facility is located in Grundartangi, Iceland, approximately 25 miles northwest of Reykjavik, Iceland's capital. Built in 1998 and expanded in 2001, the Nordural facility is the Company's most recently constructed and lowest cost facility. It has an annual production capacity of approximately 198 million pounds, which will increase by up to 269 million pounds to approximately 467 million pounds upon completion of an ongoing expansion of the facility, with potential for further expansion to 573 million pounds of annual production capacity. The Nordural facility is situated on two hundred acres leased from the Government of Iceland and consists of an aluminum reduction plant with two potlines and casting equipment used to cast molten aluminum into ingot.

The following table shows primary aluminum shipments from the Nordural facility during each of the periods indicated:

Nordural Facility Primary Aluminum Shipments

	Year Ended December 31,		
	2004(1)	2003	2002
	(In millions of pounds)		
Standard-grade primary aluminum ingot	204.0	198.7	198.3

(1) Shipments for the year ended December 31, 2004 included 65.8 million pounds shipped prior to the acquisition of Nordural on April 27, 2004.

The Nordural facility operates under various long-term agreements with the Government of Iceland. These agreements include (i) an investment agreement which establishes Nordural's tax status and the Government's obligations to grant certain permits, (ii) a reduction plant site agreement by which Nordural leases the property through 2020, subject to renewal at its option; and (iii) a harbor agreement by which Nordural is granted access to the port at Grundartangi. In connection with the expansion of the Nordural facility, Nordural has entered into amendments to the investment agreement and the reduction plant site agreements with the Government of Iceland.

The Company has commenced work on an expansion of the Nordural facility that will increase its annual production capacity to approximately 467 million pounds. As currently planned, the expansion will add 269 million pounds to the Nordural facility's annual production capacity. The expansion is projected to be completed by late-2006 and is expected to cost approximately $454 million. Following completion of the expansion, Nordural will have all the infrastructure and support facilities necessary for further expansion to 573 million pounds of annual production capacity.

On February 10, 2005, Nordural executed agreements and documents related to a $365.0 million senior term loan facility arranged by Landsbanki Islands hf. and Kaupthing Bank hf, which funded on February 15,

2005. See Part II, Item 7, "Management's Discussion and Analysis — Recent Developments — Nordural's New Term Loan Facility." Amounts borrowed under Nordural's new term loan facility were used to refinance debt under Nordural's prior term loan facility. In addition, the new term loan facility will be used to finance a portion of the costs associated with the ongoing expansion of the Nordural facility and for Nordural's general corporate purposes. The Company expects to fund the remaining costs of the expansion capacity with operating cash flow generated by its operations, including the operations of the Nordural facility.

Nordural is party to a long-term alumina tolling contract with a subsidiary of BHP Billiton which expires December 31, 2013. Under this contract, which is for virtually all of the Nordural facility's existing production capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. Nordural has entered into a ten-year alumina tolling contract with Glencore for 198 million pounds of the expansion capacity at the Nordural facility. The fee Nordural will receive under that contract will also be LME-based.

The Nordural facility purchases power from Landsvirkjun, a power company jointly owned by the Republic of Iceland and two Icelandic municipal governments, under a long-term contract due to expire in 2019. The power delivered to the Nordural facility under its current contract is from hydroelectric and geothermal sources, competitively-priced and renewable sources of power for the Nordural facility, at a rate based on the LME price for primary aluminum. In connection with the expansion, Nordural entered into an agreement with Hitaveita Suóurnesja hf. ("Sudurnes Energy") and Orkuveita Reykjavíkur ("Reykjavik Energy") for the supply of the additional power required for the 269 million pounds of expansion capacity. Under this agreement, Nordural will be required to take or pay for a significant percentage of the power to be supplied beginning a specified period after signing (subject to extension for agreed upon events), even if the Nordural expansion is not completed. The agreement also includes power for an additional 18 million pounds of capacity, upon satisfaction of certain conditions, including the completion of a power transmission agreement. With the additional 18 million pounds of capacity, the total annual production capacity of the Nordural facility would increase to 485 million pounds by late 2006. A decision on the additional 18 million pounds of capacity is expected in early 2005. Under the terms of Nordural's energy contracts with Sudurnes Energy and Reykjavik Energy, the rate for the power supplied for the expansion capacity will be LME-based. Landsvirkjun has agreed on a best commercial efforts basis to provide backup power to Nordural if Sudurnes Energy and Reykjavík Energy are unable to meet the obligations of their contract to provide power for the Nordural expansion. The Company's plans to further increase the size of the expansion project beyond 485 million pounds will depend on its ability to enter into certain key contracts for that capacity. The Company is in discussions for the supply of electric power to support the further expansion of the Nordural facility to the full 573 million pounds of annual production capacity.

Nordural has a contract for the supply of anodes for its existing capacity which expires in 2013. The Company is currently exploring options for the supply of anodes for the expansion capacity and does not currently believe the price to be paid for those anodes will be materially different than under Nordural's current arrangement.

Hawesville Facility

The Hawesville facility is owned by NSA Ltd. and Hancock Aluminum, LLC and operated by Century Aluminum of Kentucky, LLC, each a wholly-owned direct or indirect subsidiary of the Company. The Hawesville facility, strategically located adjacent to the Ohio River near Hawesville, Kentucky, began operations in 1970 and has an annual production capacity of 538 million pounds.

The Hawesville facility's original four potlines have an annual production capacity of approximately 426 million pounds and are specially configured and operated so as to produce high purity primary aluminum. The average purity level of primary aluminum produced by these potlines is 99.9%, compared to standard-purity aluminum which is approximately 99.7%. This high purity primary aluminum provides the conductivity required by Hawesville's largest customer, Southwire, for its electrical wire and cable products as well as for certain aerospace applications. A fifth potline added in 2001 has an annual capacity of approximately 112 million pounds of standard-purity aluminum. See "Sales and Distribution — The Hawesville Facility."

The Hawesville facility produces primary aluminum in molten, ingot and sow form. The following table shows primary aluminum shipments from the Hawesville facility during each of the periods indicated:

Hawesville Facility Primary Aluminum Shipments

	Year Ended December, 31		
	2004	2003(2)	2002(1)
	(In millions of pounds)		
Molten aluminum	314.1	310.3	303.2
Primary aluminum ingot	186.1	159.8	131.7
Foundry alloys	53.0	70.8	104.3
Total	553.2	540.9	539.2

(1) Shipments for the year ended December 31, 2002 include 108.4 million pounds shipped by Glencore.

(2) Effective April 1, 2003, Century completed the acquisition of Glencore's Hawesville interest. Shipments for the year ended December 31, 2003 include 27.1 million pounds shipped by Glencore.

The alumina used by the Hawesville facility is purchased under a supply agreement with Gramercy Alumina LLC ("GAL"), which was entered into on November 2, 2004 in connection with the Gramercy acquisition. GAL, a joint venture company owned 50/50 by Century and Noranda owns and operates the Gramercy alumina refinery. . See "— Facilities and Production — The Gramercy Facility." This supply agreement runs through December 31, 2010 and replaces the previous supply agreement with Kaiser. The price the Company pays for alumina used by the Hawesville facility is now based on the cost of alumina production. Under its previous agreement with Kaiser, the Company purchase alumina at prices based on the London Metals Exchange ("LME") price for primary aluminum.

The Hawesville facility purchases all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Kenergy acquires most of the power it provides to the Hawesville facility from a subsidiary of LG&E Energy Corp., with delivery guaranteed by LG&E. The Hawesville facility currently purchases all of its power from Kenergy at fixed prices. Approximately 27% of the Hawesville facility's power requirements are unpriced for the period from 2006 to 2010.

Ravenswood Facility

The Ravenswood facility is owned and operated by the Company's subsidiary, Century Aluminum of West Virginia, Inc. ("Century of West Virginia"). Built in 1957, the Ravenswood facility operates four potlines with an annual production capacity of 375 million pounds. The facility is strategically located adjacent to the Ohio River in Ravenswood, West Virginia.

The Ravenswood facility produces molten aluminum that is delivered to Pechiney's adjacent fabricating facility and standard-grade ingot that Century sells in the marketplace. See "Sales and Distribution — The Ravenswood Facility."

The following table shows primary aluminum shipments from the Ravenswood facility during each of the periods indicated:

Ravenswood Facility Primary Aluminum Shipments

	Year Ended December, 31		
	2004	2003	2002(1)
	(In millions of pounds)		
Molten aluminum	294.0	288.4	309.1
Standard-grade primary aluminum ingot	83.8	86.9	72.5
Total	377.8	375.3	381.6

(1) Shipments for the year ended December 31, 2002 include 6.0 million pounds of standard-grade primary aluminum ingot purchased and resold.

Since January 1, 2002, the alumina used at the Ravenswood facility has been supplied by Glencore under a five-year contract at a variable price determined by reference to the LME price for primary aluminum. The Company purchases the electricity used at the Ravenswood facility under a fixed-price power supply contract with Ohio Power, a subsidiary of American Electric Power, which runs through December 31, 2005. On February 18, 2005, Century of West Virginia signed an agreement with Appalachian Power Company for the supply of electricity to the Ravenswood facility beginning January 1, 2006. The agreement has an initial term of two years and continues thereafter until Century gives 12 months' notice of cancellation. Appalachian Power has filed a petition with the Public Services Commission of West Virginia ("PSC") seeking affirmation of its authorization to provide service to the Ravenswood facility. In 2000, the PSC found that the Ravenswood facility was in Appalachian Power's service territory and had jurisdiction over the provision of service. The agreement will become effective unless the PSC fails to affirm its previous findings. Power under the new agreement is priced under an Appalachian Power tariff.

Mt. Holly Facility

The Mt. Holly facility, located in Mt. Holly, South Carolina, was built in 1980 and is the most recently constructed aluminum reduction facility in the United States. The facility consists of two potlines with a total annual production capacity of 489 million pounds and casting equipment used to cast molten aluminum into standard-grade ingot, extrusion billet and other value-added primary aluminum products. Value-added primary aluminum products are sold at higher prices than standard-grade primary aluminum. The Company's 49.7% interest represents 243 million pounds of the facility's production capacity.

Century's interest in the Mt. Holly facility is held through its subsidiary, Berkeley Aluminum, Inc. ("Berkeley"). Under the Mt. Holly ownership structure, the Company holds an undivided 49.7% interest in the property, plant and equipment comprising the aluminum reduction operations at the Mt. Holly facility and an equivalent share in the general partnership responsible for the operation and maintenance of the facility. Alcoa owns the remaining 50.3% interest in the Mt. Holly facility and an equivalent share of the operating partnership. Under the terms of the operating partnership, Alcoa is responsible for operating and maintaining the facility. Each owner supplies its own alumina for conversion to primary aluminum and is responsible for its proportionate share of operational and maintenance costs.

The following table shows the Company's primary aluminum shipments from the Mt. Holly facility during each of the periods indicated:

Mt. Holly Facility Primary Aluminum Shipments

	Year Ended December, 31		
	2004	2003	2002
	(In millions of pounds)		
Standard-grade primary aluminum ingot	111.9	119.5	113.4
Rolling ingot, foundry alloys and extrusion billets	137.7	118.0	122.7
Total	249.6	237.5	236.1

Glencore supplies all of the Company's alumina requirements for the Mt. Holly facility under contracts which expire December 31, 2006 and January 31, 2008. The price under both contracts is determined by reference to the quoted LME price for primary aluminum.

The Mt. Holly facility purchases all of its power requirements from the South Carolina Public Service Authority (also called "Santee Cooper"), under a contract that runs through 2015. Power delivered through 2010 will be priced at rates fixed under currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Gramercy Facility

On October 1, 2004, the Company and Noranda Finance Inc., through 50/50 joint venture companies, acquired an alumina refinery in Gramercy, Louisiana and related bauxite mining assets in Jamaica (collectively, the "Gramercy assets") from Kaiser Aluminum & Chemical Company ("Kaiser.") The Gramercy assets were acquired pursuant to the terms of an Asset Purchase Agreement, dated May 17, 2004, among Gramercy Alumina LLC, St. Ann Bauxite Limited, Kaiser, and Kaiser Bauxite Company. Gramercy Alumina LLC ("GAL") and St. Ann Bauxite Limited ("SABL") are joint venture companies formed by Century and Noranda to separately acquire the Gramercy plant and the bauxite mining assets, respectively.

The purchase price for the Gramercy assets was $23 million, subject to working capital adjustments. The Company paid one-half, or $11.5 million of the unadjusted purchase price, which the Company funded with available cash. Noranda paid the remaining $11.5 million. The Company accounts for its investment in the Gramercy assets using the equity method of accounting. Kaiser sold the Gramercy assets with the approval of the United States Bankruptcy Court for the District of Delaware as part of its plan to emerge from Chapter 11 bankruptcy.

Alumina Refining Operations

The alumina refinery in Gramercy is owned by GAL, a Delaware limited liability company. The Gramercy plant began operations in 1959 and consists of a production facility, a powerhouse for steam and electricity production, a deep water dock and a barge loading facility. Extensive portions of the Gramercy plant were rebuilt and modernized between 2000 and 2002.

The Gramercy plant currently produces alumina at a capacity rate of approximately 1.2 million metric tons per year, consisting of approximately 80% smelter grade alumina ("SGA"), and 20% alumina hydrate, or chemical grade alumina ("CGA").

The following table shows annual production from the Gramercy plant facility during each of the periods indicated:

Gramercy Plant Alumina Production

	Year Ended December, 31		
	2004(1)	2003	2002
	(In millions of metric tons)		
Alumina	1.2	1.2	1.2

(1) Prior to the acquisition, Kaiser produced 0.9 million metric tons of alumina at the Gramercy plant during 2004.

The Company expects production at the Gramercy plant to remain at or near capacity for the foreseeable future.

Bauxite is the principal raw material used in the production of alumina, and natural gas is the principal energy source. The Gramercy plant purchases all of its bauxite requirements from the affiliated Jamaican bauxite mining operations described below under a contract that expires at the end of 2010 at a price that is fixed through 2005. The Gramercy plant purchases its natural gas requirements at market prices under short-term agreements with local suppliers.

Bauxite Mining Operations

The bauxite mining assets were acquired by SABL, a newly-established Jamaican limited liability company jointly owned by Century and Noranda. The bauxite mining assets are comprised of: (i) a concession from the Government of Jamaica ("GOJ") to mine bauxite in Jamaica (the "mining rights,") and (ii) a 49% interest in a Jamaican partnership that owns certain mining assets in Jamaica (the "mining assets.") The GOJ owns the remaining 51% interest in the partnership. Following the acquisition, SABL and the GOJ established a new partnership to hold the mining assets and to conduct mining and related operations pursuant to the mining rights. The mining assets consist primarily of rail facilities, other mobile equipment, dryers, and loading and dock facilities. The age and remaining lives of the mining assets vary and they may be repaired or replaced from time to time as part of SABL's ordinary capital expenditure plan. Under the terms of the mining rights, SABL manages the operations of the new partnership, pays operating costs and is entitled to all of its bauxite production. The GOJ receives: (i) a royalty based on the amount of bauxite mined, (ii) an annual "asset usage fee" for the use of the GOJ's 51% interest in the mining assets, and (iii) certain fees for lands owned by the GOJ that are covered by the mining rights. SABL also pays to the GOJ customary income and other taxes and fees pursuant to an Establishment Agreement with the GOJ that establishes the fiscal regime for SABL through December 2005. A production levy normally applicable to bauxite mined in Jamaica has been waived for SABL through December 2007. If the levy is subsequently assessed on bauxite produced by SABL, the Establishment Agreement provides that certain payments to the GOJ will be reduced and SABL and GOJ will negotiate amendments to SABL's fiscal regime in order to mitigate the effects of the levy.

Mining Rights. Under the terms of the mining rights, SABL mines the land covered by the mining rights and the GOJ retains surface rights and ownership of the land. The GOJ granted the mining rights and entered into other agreements with SABL for the purpose of ensuring the Gramercy plant will have sufficient reserves to meet its annual alumina requirements and existing or contemplated future obligations under third party contracts. Under the mining rights, SABL is entitled to mine 4.5 million dry metric tons, ("DMT"), of bauxite on specified lands annually through September 30, 2030. The GOJ is required to provide additional land if the land covered by the mining rights does not contain sufficient levels of commercially exploitable bauxite. SABL is responsible for reclamation of the land that it mines. In addition, SABL assumed reclamation obligations related to prior operations of approximately $9 million.

SABL Bauxite Production

The following table shows annual production from the Jamaican mining operations for the periods indicated:

	Year Ended December, 31		
	2004(1)(2)	2003	2002
	(In millions of dry metric tons)		
Bauxite	3.8	3.8	4.1

(1) Production for the year ended December 31, 2004 was curtailed due to a temporary reduction in production following the failure of a bauxite loading facility in October 2004.

(2) Prior to the acquisition, Kaiser produced 3.2 million DMT of bauxite in 2004.

Provided existing customers continue to purchase bauxite at previous levels, SABL is expected to produce approximately 4.0 million DMT in 2005 and if current market conditions continue, will proceed with raising production to fully use its annual bauxite mining rights.

SABL has various short-term agreements with third parties for the supply of fuel oil, diesel fuel, container leasing and other locally provided services.

Industry Overview

The most commonly used bench mark for pricing primary aluminum is the price for aluminum transactions quoted on the LME. The LME price, however, does not represent the actual price paid for all aluminum products. For example, products delivered to U.S. customers are often sold at a premium to the LME price, typically referred to as the U.S. Midwest Market Price. Over the last ten years through December 2004, the average monthly Midwest premium has ranged from $0.021 to $0.077 per pound. In addition, premiums are charged for adding certain alloys to aluminum for use in specific applications and for casting aluminum into specific shapes, such as extrusion billet or rolling slab.

During 2002, global demand increased modestly, however supply growth matched the increase and the market price for primary aluminum declined. In 2003, global demand for aluminum increased approximately 7.7% to 60.0 billion pounds in 2003, but global aluminum supply did not keep pace as global aluminum production increased only approximately 7.1% to 61.5 billion pounds. During 2004, global demand increased by 9.0% to 66.3 billion pounds and LME inventories declined 54% from 1.5 million metric tons to 695,000 metric tons. The primary aluminum industry is currently experiencing a period of strong prices based on favorable production and consumption trends. Spot aluminum prices, as quoted on the LME, remain above the five and ten-year averages. The key factors in the current strong pricing environment are: (i) strengthening global demand for aluminum driven by the global economic recovery; (ii) strong demand growth in China; (iii) a tightening market for alumina, the major raw material input for aluminum, that has resulted in a rapid escalation of alumina prices; and (iv) the recent weakening of the U.S. dollar. The average LME cash price for aluminum was $0.78, $0.65, and $0.61 per pound for the years ended December 31, 2004, 2003 and 2002, respectively.

Sales and Distribution

The majority of the products produced at the Company's facilities are sold to a limited number of customers. The Company derived a combined total of approximately 76.3% of its 2004 consolidated sales from Pechiney, Southwire, BHP Billiton and Glencore, Century's four largest customers. Out of total revenues of $1,060.7 million for 2004, sales to Pechiney represented $301.0 million, or 28.4% of Century's total revenues, sales to Southwire represented $258.3 million, or 24.4% of total revenues, sales to Glencore represented $163.2 million, or 15.4% of total revenues, and sales to BHP Billiton represented $85.5 million, or 8.1% of total revenues. The remaining $252.7 million, or 23.7% of Century's total revenues, represented sales to approximately 50 customers.

Nordural Facility

Nordural is party to a long-term alumina tolling contract with a subsidiary of BHP Billiton which is due to expire December 31, 2013. Under this contract, which is for virtually all of the Nordural facility's existing production capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. Nordural has agreed to a 10-year alumina tolling contract with Glencore for 198 million pounds of the expansion capacity at the Nordural facility. The fee Nordural will receive under that contract will also be LME-based.

Hawesville Facility

Sales of primary aluminum to Southwire accounted for $258.3 million or 56.0% of Century's revenues from the Hawesville facility in 2004. Sales to parties other than Southwire accounted for the remaining $203.0 million or 44.0% of the Company's revenues from the Hawesville facility during 2004. In connection with the acquisition of the Hawesville facility in April 2001, the Company entered into a ten-year contract with Southwire (the "Southwire Metal Agreement") to supply 240 million pounds of high-purity molten aluminum annually to Southwire's wire and cable manufacturing facility located adjacent to the Hawesville facility. Under this contract, Southwire will also purchase 60 million pounds of standard-grade molten aluminum each year through March 2008. Southwire has an option to purchase an equal amount of standard-grade molten aluminum in each of the remaining three years. The price for the molten aluminum to be delivered to Southwire from the Hawesville facility is variable and determined by reference to the U.S. Midwest Market Price. This contract requires the Company to deliver molten aluminum, thereby reducing its casting and shipping costs. This agreement expires on March 31, 2011, and will automatically renew for additional five-year terms, unless either party provides 12 months' notice that it has elected not to renew.

Concurrently with its acquisition of the remaining interest in the Hawesville facility, the Company entered into a ten-year contract with Glencore (the "Glencore Metal Agreement") under which Glencore agreed to purchase, beginning on January 1, 2004, 45.0 million pounds per year of the primary aluminum produced at the Ravenswood and Mt. Holly facilities, at a price determined by reference to the U.S. Midwest Market Price, subject to an agreed cap and floor as applied to the U.S. Midwest Premium.

Ravenswood Facility

Sales of primary aluminum to Pechiney represented $249.9 million or 83.0% of revenues from the Ravenswood facility in 2004. Sales to parties other than Pechiney represented $51.1 million or 17.0% of Ravenswood's revenues in 2004. Century has a contract with Pechiney (the "Pechiney Metal Agreement") under which Pechiney purchases 23 to 27 million pounds, per month, of molten aluminum produced at the Ravenswood facility through July 31, 2007. This contract provides that it will be automatically extended through July 31, 2007 upon the Company's entering into a new power contract for the Ravenswood facility through that date. On February 18, 2005, Century of West Virginia signed an agreement with Appalachian Power Company for the supply of electricity to the Ravenswood facility beginning January 1, 2006. The new power agreement has an initial term of two years and continues thereafter until Century gives 12 months' notice of cancellation. Appalachian Power has filed a petition with the Public Services Commission of West Virginia ("PSC") seeking affirmation of its authorization to provide service to the Ravenswood facility. In 2000, the PSC found that the Ravenswood facility was in Appalachian Power's service territory and had jurisdiction over the provision of service. The new power agreement will become effective unless the PSC fails to affirm its previous findings. The price for primary aluminum delivered under the Pechiney Metal Agreement is variable and determined by reference to the U.S. Midwest Market Price. This contract requires the Company to deliver molten aluminum, thereby reducing its casting and shipping costs. Pechiney has the right, upon 12 months' notice, to reduce its purchase obligations by 50% under this contract. Alcan acquired Pechiney in February 2004.

Mt. Holly Facility

Sales of primary aluminum to Glencore represented $109.5 million or 51.4% of Century's revenues from the Mt. Holly facility in 2004. Sales to third parties other than Glencore represented $103.6 million or 48.6% of revenues from the Mt. Holly facility in 2004. Century had a contract to sell Glencore approximately 110 million pounds of primary aluminum produced at the Mt. Holly facility each year through December 31, 2009 (the "Original Sales Contract"). In January 2003, Century and Glencore agreed to terminate and settle the Original Sales Contract for the years 2005 through 2009 which had provided for fixed prices. At that time, the parties entered into a new contract (the "New Sales Contract") that requires Century to deliver the same quantity of primary aluminum as did the Original Sales Contract for these years. The New Sales Contract provides for variable pricing determined by reference to the LME for the years 2005 through 2009. The price of primary aluminum delivered in 2004 remained fixed.

Prior to the January 2003 agreement to terminate and settle the years 2005 though 2009 of the Original Sales Contract, the Company had been classifying and accounting for it as a normal sales contract under Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." A contract that is so designated and that meets other conditions established by SFAS No. 133 is exempt from the requirements of SFAS No. 133, although by its term the contract would otherwise be accounted for as a derivative instrument. Accordingly, prior to January 2003, the Original Sales Contract was recorded on an accrual basis of accounting and changes in the fair value of the Original Sales Contract were not recognized.

According to SFAS No. 133, it must be probable that at inception and throughout its term, a contract classified as "normal" will not result in a net settlement and will result in physical delivery. In April 2003, the Company and Glencore net settled a significant portion of the Original Sales Contract, and it no longer qualified for the "normal" exception of SFAS No. 133. The Company marked the Original Sales Contract to current fair value in its entirety. Accordingly, in the first quarter of 2003 the Company recorded a derivative asset and a pre-tax gain of $41.7 million. Of the total recorded gain, $26.1 million related to the favorable terms of the Original Sales Contract for the years 2005 through 2009, and $15.6 million relates to the favorable terms of the Original Sales Contract for 2003 through 2004.

The Company determined the fair value by estimating the excess of the contractual cash flows of the Original Sales Contract (using contractual prices and quantities) above the estimated cash flows of a contract based on identical quantities using LME-quoted prevailing forward market prices for aluminum plus an estimated U.S. Midwest premium adjusted for delivery considerations. The Company discounted the excess estimated cash flows to present value using a discount rate of 7%.

On April 1, 2003, the Company received $35.5 million from Glencore, $26.1 million of which related to the settlement of the Original Sales Contract for the years 2005 through 2009, and $9.4 million of which represented the fair value of the New Sales Contracts, discussed below. The Company accounted for the unsettled portion of the Original Sales Contract (years 2003 and 2004) as a derivative and recognized period-to-period changes in fair value in current income. The Company accounts for the New Sales Contract as a derivative instrument under SFAS No. 133. The Company has not designated the New Sales Contract as "normal" because it replaces and substitutes for a significant portion of the Original Sales Contract which, after January 2003, no longer qualified for this designation. The $9.4 million initial fair value of the New Sales Contract is a derivative liability and represents the present value of the contract's favorable term to Glencore in that the New Sales Contract excludes from its variable price an estimated U.S. Midwest premium, adjusted for delivery considerations. Because the New Sales Contract is variably priced, the Company does not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

Gramercy Assets

Alumina Sales. Approximately 80% of Gramercy's annual production capacity is supplied to the Company's Hawesville and Noranda's New Madrid primary aluminum production facilities. The Company's Hawesville facility purchases virtually all of its alumina requirements from the Gramercy refinery. Prior to the acquisition by GAL of the Gramercy plant, substantially all of the SGA produced at the Gramercy plant was sold to the Company and to Noranda under formula-priced alumina supply contracts calculated as a percentage of the LME price of primary aluminum. Following the acquisition, GAL sells SGA to the Company and to Noranda based on Gramercy's production costs under alumina supply contracts due to expire on December 31, 2010. All of the CGA production is currently sold under existing short-term and long-term contracts with approximately 20 third party purchasers. GAL expects to continue CGA production and sales in order to optimize fixed costs.

Bauxite Sales. Prior to the acquisition, Kaiser used approximately 60% of the bauxite produced by the bauxite mining assets to supply the alumina requirements at the Gramercy plant. The remaining 40% was sold to a third party alumina refinery in Texas. Concurrently with the acquisition by SABL and GAL of the Gramercy assets, SABL and GAL entered into a contract under which SABL will supply the Gramercy plant's bauxite requirements through December 2010. The price for bauxite under the contract is fixed through December 31, 2005. SABL is currently negotiating a renewal of the third party agreement for the sale of its remaining bauxite production.

Pricing and Risk Management

The Company's operating results are sensitive to changes in the price of primary aluminum and the raw materials used in its production. As a result, Century attempts to mitigate the effects of fluctuations in primary aluminum and raw material prices through the use of various fixed-price commitments and financial instruments.

Pricing

The Company offers a number of pricing alternatives to its customers which, combined with Century's metals risk management activities, are designed to lock in a certain level of price stability on its primary aluminum sales. Pricing of Century's products is generally offered at an indexed or "market" price, where the customer pays an agreed-upon premium over the LME price or relative to other market indices.

Substantially all of Nordural's revenues are derived from a tolling arrangement whereby it converts alumina provided to it into primary aluminum for a fee based on the LME price for primary aluminum. Nordural's revenues are subject to the risk of decreases in the market price of primary aluminum; however, because it produces primary aluminum under a tolling arrangement, Nordural is not exposed to increases in the price for alumina, the principal raw material used in the production of primary aluminum. In addition, under its current power contract, Nordural purchases power at a rate which is a percentage of the LME price for primary aluminum. By linking its most significant production cost to the LME price for primary aluminum, Nordural has a natural hedge against downswings in the market for primary aluminum; however, this hedge also limits Nordural's upside as the LME price increases.

Risk Management

The Company manages its exposure to fluctuations in the price of primary aluminum by selling primary aluminum at fixed prices for future delivery, through financial instruments, and by purchasing alumina under supply contracts with prices tied to the same indices as the Company's aluminum sales contracts. To mitigate the volatility of the natural gas markets, the Company enters into fixed price financial purchase contracts. The Company's metals and natural gas risk management activities are subject to the control and direction of senior management. These activities are regularly reported to the Board of Directors of Century. The Company's risk management activities do not include trading or speculative transactions. See Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk."

Nordural does not currently have any material financial instruments to hedge commodity, currency or interest rate risk. Nordural is exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the euro and the Icelandic krona. Under its long-term tolling agreement with BHP Billiton, Nordural receives revenues denominated in U.S. dollars. Nordural's labor costs are denominated in

Icelandic kronur and a portion of its anode costs are denominated in euros. As a result, an increase in the value of those currencies relative to the U.S. dollar would affect Nordural's operating margins.

SABL's Jamaican bauxite mining operations do not currently have any material financial instruments to hedge commodity or currency risk. SABL's Jamaican operations are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the Jamaican dollar. Under its long-term bauxite agreement with the Gramercy plant, SABL receives revenues denominated in U.S. dollars. SABL's labor costs are denominated in Jamaican dollars. As a result, an increase in the value of that currency relative to the U.S. dollar would affect SABL's operating margins.

Competition

The market for primary aluminum is world-wide, and demand for aluminum often varies widely from region to region. Aluminum production also takes place throughout the world. Aluminum competes with materials such as steel, plastic and glass, which may be substituted for aluminum in certain applications.

In the United States, where most of the Company's production capacity is located, the competitors are Alcoa, Alcan and a few smaller producers. At present, the U.S. demand for aluminum is robust, and U.S. production capacity has declined substantially over the past few years in the face of rising electrical power prices. As a consequence, much of the U.S. demand must be met by foreign production, and delivery premiums to the U.S. Midwest (reflecting cost of delivery to this market) have risen sharply. The geographic proximity of the Company's plants to the U.S. Midwest provides the Company a competitive advantage over its off-shore competitors by enabling it to capture the premium without incurring the additional delivery costs.

The Company also has certain advantages in product quality and customer service. Its Hawesville plant produces the high purity aluminum needed by Southwire's next-door plant for the manufacture of electrical transmission lines. That high purity metal is delivered in molten form, a cost savings and competitive advantage to both parties. The Company's Ravenswood plant also delivers molten metal to the adjacent Pechiney Rolled Product's rolling mill, providing similar competitive advantages to the Company and Pechiney. And the Company's versatile cast house at Mt. Holly permits it to focus its production at that plant almost exclusively on premium products.

The current weak U.S. dollar also provides the Company with a competitive advantage. The LME aluminum price is a U.S. dollar price. The impact of the current weak U.S. dollar has the effect of improving the Company's relative cost position versus off-shore competitors which must pay some or all of their production costs in currencies which have strengthened against the dollar.

In addition, there is a duty payable by non-European producers for sales of aluminum into Europe. Icelandic aluminum producers are exempt from this duty. The alumina toll conversion agreements between the Company's Nordural ehf subsidiary and third parties allow Nordural to receive portions of the premium received by those third parties as a result of these duty-free European sales.

Environmental Matters

Environmental Contingencies

The Company is subject to various environmental laws and regulations. The Company has spent, and expects to spend, significant amounts for compliance with those laws and regulations. In addition, some of the Company's past manufacturing activities have resulted in environmental consequences which require remedial measures. Under certain environmental laws which may impose liability regardless of fault, the Company may be liable for the costs of remediation of contaminated property, including its current and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. The Company believes, based on information currently available to its management, that its current environmental liabilities are not likely to have a material adverse effect on the Company. However, the Company cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas. Such future requirements may result in liabilities which may have a material adverse effect on the Company's financial condition, results of operations or liquidity.

The 1990 amendments to the Clean Air Act impose stringent standards on the aluminum industry's air emissions. These amendments affect the Company's operations as technology-based standards relating to reduction facilities and carbon plants have been instituted. Although the Company cannot predict with certainty how much it will be required to spend to comply with these standards, its general capital expenditure plan includes certain projects designed to improve its compliance with both known and anticipated air emissions requirements.

The Company has incurred and in the future will continue to incur capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance. It is Century's policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that the Company is liable and the associated costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $0.8 million at December 31, 2002, $0.7 million at December 31, 2003 and $0.6 million at December 31, 2004. All accrued amounts have been recorded without giving effect to any possible future recoveries. Century has planned capital expenditures related to environmental matters at all of its facilities of approximately $0.6 million in 2005, $1.3 million in 2006 and $0.4 million in 2007. In addition, the Company expects to incur operating expenses relating to environmental matters of approximately $9.9 million in 2005, $10.7 million in 2006 and $11.0 million in 2007. These amounts do not include any projected capital expenditures or operating expenses for matters relating to environmental control, remediation, monitoring and compliance for the Company's joint venture interest in the Gramercy assets. See Item 1, "Business — Facilities and Production — The Gramercy Facility." As part of the Company's general capital expenditure plan, the Company also expects to incur capital expenditures for other capital projects that may, in addition to improving operations, reduce certain environmental impacts. With respect to ongoing environmental compliance costs, including maintenance and monitoring, the Company expense the costs when incurred.

Nordural Facility

Nordural is subject to various Icelandic and other environmental laws and regulations. These laws and regulations are subject to change, which changes could result in increased costs. Operating in a foreign country exposes the Company to political, regulatory, currency and other related risks. The Nordural facility, built in 1998, uses technology currently defined to be "best available technology" under the European Union's Integrated Pollution Prevention and Control Directive of 1996, or IPPC. The operational restrictions for the Nordural facility, as determined by the Icelandic Minister for the Environment, are set forth in the facility's operating license. The license currently allows for both the facility's current and planned expansion capacity.

Hawesville Facility

Under the Company's agreement with Southwire to purchase the Hawesville facility, Southwire indemnified the Company against all on-site environmental liabilities known to exist prior to the closing of the acquisition and against risks associated with off-site hazardous material disposals which pre-dated the closing.

Prior to the closing of the acquisition, the U.S. Environmental Protection Agency, or EPA, had issued a final record of decision, under the Comprehensive Environmental Response, Compensation and Liability Act, directing that certain response actions be taken at the Hawesville facility. By agreement, Southwire is to perform all obligations under the record of decision. The total costs for the obligations to be undertaken and paid for by Southwire relative to these liabilities are estimated under the record of decision to be $12.6 million, and the forecast of annual operating and maintenance costs is $1.2 million. Century Kentucky, LLC will operate and maintain the ground water treatment system required under the record of decision on behalf of Southwire, and Southwire will reimburse Century Kentucky, LLC for expenses that exceeds $0.4 million annually.

If any on-site environmental liabilities arising from pre-closing activities at the Hawesville facility that were unknown on the date the acquisition closed but become known prior to March 31, 2007, the Company and Southwire will share the costs of remedial action pro rata depending on the year the liability is identified.

The Company will be responsible for all environmental liabilities which first become known on or after March 31, 2007 and any post-closing environmental liabilities that result from a change in laws.

The Company acquired the Hawesville facility by purchasing all of the outstanding equity securities of Metalsco Ltd., a wholly-owned subsidiary of Southwire. Metalsco previously owned certain assets unrelated to the Hawesville plant's operations. These assets owned by Metalsco were distributed to Southwire before the closing of the Hawesville acquisition. Southwire indemnified the Company for all liabilities related to these assets. Southwire also retained ownership of and full responsibility for certain land adjacent to the Hawesville facility containing potliner disposal areas.

Southwire has secured its environmental indemnity obligations to the Company through April 1, 2008 by posting a letter of credit in favor of the Company in the amount of $14.0 million. Southwire is obligated to post an additional $15.0 million if its net worth drops below a pre-determined level prior to April 1, 2008. The amount of security Southwire provides may increase (but not above $14.5 million or $29.5 million, as applicable) or decrease (but not below $3.0 million) if certain specified conditions are met.

The Company cannot be certain Southwire will be able to meet its indemnity obligations. In that event, under certain environmental laws which impose liability regardless of fault, the Company may be liable for any outstanding remedial measures required under the record of decision and for certain liabilities related to the properties previously owned by Metalsco. If Southwire fails to meet its indemnity obligations or if the Company's shared or assumed liability is significantly greater than anticipated, the Company's financial condition, results of operations and liquidity could be materially adversely affected.

Ravenswood Facility

Century Aluminum of West Virginia, Inc. continues to perform remedial measures at its Ravenswood facility pursuant to an order issued by the EPA in 1994. Century of West Virginia also conducted a facility investigation under the order evaluating other areas at the Ravenswood facility that may have contamination requiring remediation. The facility investigation has been approved by appropriate agencies. Century of West Virginia has completed interim remediation measures at two sites identified in the facility investigation, and the Company believes no further remediation will be required. A corrective measures study, which will formally document the conclusion of these activities, is being completed with the EPA. The Company believes a significant portion of the contamination on the two sites identified in the facility investigation is attributable to the operations of Kaiser, which had previously owned and operated the Ravenswood facility, and is the financial responsibility of Kaiser.

On September 28, 2004, the Bankruptcy Court for the District of Delaware approved an agreement by Kaiser to transfer its environmental liability at Ravenswood to TRC Companies, Inc. and TRC Environmental Corporation. The Bankruptcy Court also approved an agreement between, Kaiser, TRC, Century of West Virginia and Pechiney Rolled Products, Inc., effective as of September 1, 2004, pursuant to which TRC assumed all of Kaiser's environmental liabilities at Ravenswood. TRC has purchased insurance in amounts the Company believes are sufficient to cover the costs of any TRC liability at Ravenswood. Also, as of September 1, 2004, Century of West Virginia and Pechiney entered into an agreement releasing Century of West Virginia from all of the environmental indemnification obligations for Kaiser-related matters arising out of the Century of West Virginia's 1999 sale of the Ravenswood rolling mill to Pechiney.

Mt. Holly Facility

The Company is not aware of any material cost of environmental compliance or any material environmental liability for which it would be responsible at the Mt. Holly facility.

Vialco

The Company is a party to an EPA administrative order on consent pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation, which sold the facility to an affiliate of the Company, Virgin Islands Alumina Corporation, or Vialco, in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to terms of the asset purchase agreement between Lockheed and Vialco. The Company's management does not believe Vialco's liability under the order or its indemnity to Lockheed will require material payments. Through December 31, 2004, the Company has expended approximately $0.4 million on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, the Company expects the future potential payments under this indemnification will be approximately $0.2 million which may be offset in part by sales of recoverable hydrocarbons.

The Company, along with others, including former owners of the Company's former St. Croix facility, received notice of a threatened lawsuit alleging natural resources damages at the facility. The Company has entered into a joint defense agreement with the other parties who received notification of the threatened lawsuit. While it is not presently possible to determine the outcome of this matter, the Company's known liabilities with respect to this and other matters relating to compliance and cleanup, based on current information, are not expected to be material and should not materially adversely affect the operating results of the Company. However, if more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered, or if contributions from other responsible parties with respect to sites for which the Company has cleanup responsibilities are not available, the Company may be subject to additional liability, which may be material.

The Gramercy Assets

Prior to purchasing the Gramercy assets from Kaiser, the Company and Noranda performed a pre-purchase due diligence investigation of the environmental conditions present at the Gramercy plant. The results of this investigation were submitted to state regulatory officials. In addition, as part of this submittal, the Company and Noranda agreed to undertake certain specified remedial activities at the Gramercy plant. Based on the submission, and conditioned on completion of the specified remedial activities, state environmental officials have confirmed that the Company and Noranda met the conditions for bona fide prospective purchase protections against liability for pre-existing environmental conditions at the facility. In addition, pursuant to the terms of the purchase agreement with Kaiser, Kaiser agreed to escrow $2.5 million of the purchase price as an indemnity for expenses incurred in the performance of environmental remediation at the Gramercy plant. GAL, the 50/50 joint venture company formed by the Company and Noranda to purchase the Gramercy plant, plans to spend approximately $0.3 million in 2005 for environmental remediation at the Gramercy plant. In connection with the acquisition, GAL posted a $5.5 million bond as security for certain clean-up obligations that would arise under state environmental laws upon the termination of operations at the Gramercy plant. Based on current information, the Company does not believe its purchase of the Gramercy plant presents the Company with any material environmental liabilities.

In conjunction with the purchase of the Gramercy plant, the Company and Noranda jointly purchased Kaiser's 49% interest in Kaiser-Jamaica Bauxite Company, or KJBC, a partnership located in Jamaica and 51% owned by the Jamaican government. Now reconstituted as St. Ann Jamaican Bauxite Partnership, the entity carries out bauxite mining, drying, storage and shipping operations. The Company and Noranda performed a pre-purchase due diligence investigation of the KJBC operations which disclosed no significant environmental liabilities or regulatory non-compliance. While it is impossible to predict what future environmental requirements might be, based on current information, the Company does not believe that the acquisition of KJBC presents the Company with any material environmental liabilities.

Intellectual Property

The Company owns or has rights to use a number of patents or patent applications relating to various aspects of its operations. The Company does not consider its business to be materially dependent on any of these patents or patent applications.

Employees and Labor Relations

Domestic Operations

The Company employs a work force of approximately 1,420 persons in the United States, consisting of 1,150 hourly employees and 270 salaried employees. The Company has approximately 560 hourly employees and 104 salaried employees at the Ravenswood facility, and approximately 590 hourly employees and 150 salaried employees at the Hawesville facility. The bargaining unit employees at the Ravenswood and Hawesville facilities are represented by the United Steelworkers of America ("USWA"). The employees at the Mt. Holly facility are employed by Alcoa and are not unionized. The Company's corporate office, located in Monterey, California, has 16 salaried employees.

The represented hourly employees at the Ravenswood facility are covered by a labor agreement with the USWA that expires May 31, 2006. The agreement calls for fixed increases in hourly wages and provides for certain benefit adjustments each year.

In connection with the Hawesville acquisition, Century negotiated a five-year collective bargaining agreement, expiring March 31, 2006, which covers all of the represented hourly employees at the Hawesville facility. The agreement provides for fixed increases in hourly wages in the first, third, fourth and fifth years and certain benefit adjustments over the life of the agreement.

At the Gramercy plant, GAL employs 135 salaried employees and 352 unionized hourly employees. In connection with the acquisition, GAL negotiated a new collective bargaining agreement with the United Steelworkers of America that covers all of the represented hourly employees at the Gramercy plant. The wage, benefit and other terms of that agreement, which expires in September 2005, are substantially identical to the terms of the previous agreement with Kaiser. The Company and Noranda established or provide directly certain operating level business functions for the Gramercy plant that were provided by Kaiser prior to the acquisition, including: procurement; shipping; engineering; sales and marketing; human resources; treasury; environmental programs; insurance; information technology and business systems; tax and legal.

Foreign Operations

In Iceland, the Company employs 205 people at the Nordural facility, of whom 163 are hourly employees and 42 are salaried. There are six national labor unions represented in Nordural's unionized work force. The labor contract with these unions, which sets forth the work rules and wages for the covered employees, expired on December 31, 2004. A new contract is expected to be settled early in 2005. Nordural expects to hire up to 160 new employees for the expansion, comprised of approximately 155 hourly employees and 5 salaried employees.

At the Jamaican mining operations, SABL employs approximately 589 employees, comprised of approximately 139 unionized and non-unionized salaried employees, 333 unionized hourly employees and 117 rotating temporary workers. SABL is currently negotiating with local unions to enter into new labor contracts that are expected to contain substantially similar terms to recently expired labor contracts. The Company and Noranda established or provide directly all non-operating level and certain operating level business functions for the mining operations that were provided by Kaiser prior to the acquisition, including: procurement; shipping; engineering; sales and marketing; human resources; treasury; environmental programs; insurance; information technology and business systems; and legal.

Benefit Plans

Century maintains noncontributory defined benefit pension plans for all salaried employees and the hourly employees at the Ravenswood facility and the Company contributes to a multi-employer benefit plan for the hourly employees at the Hawesville facility. In addition, the Company maintains postretirement healthcare and life insurance benefit plans and defined contribution 401(k) plans for its salaried and hourly employees. Management believes that its relations with its employees are good.

In connection with the Gramercy acquisition, GAL agreed to establish a defined benefit pension plan and a defined contribution plan for employees of the Gramercy plant to replace the plans previously provided by Kaiser. Kaiser retained all worker compensation, pension and post-retirement medical obligations related to pre-acquisition operations at the Gramercy plant.

In connection with the bauxite mining acquisition, SABL assumed all of Kaiser's pension and benefit obligations for the employees of the mining operations.

Item 2. ***Properties***

The Nordural facility is located in Grundartangi, Iceland, approximately 25 miles northwest of Reykjavik, Iceland's capital. Built in 1998, the Nordural facility is the Company's most recently constructed and lowest cost facility. It has an annual production capacity of approximately 198 million pounds, which will increase by up to 269 million pounds to approximately 467 million pounds upon completion of an ongoing expansion of the facility, with potential for further expansion to 573 million pounds of annual production capacity. The Nordural facility is situated on two hundred acres leased from the Government of Iceland. See Item 1, "Business — Facilities and Production — Nordural Facility." The Nordural facility is subject to mortgages in connection with Nordural's term loan facility as further described in Part II, Item 7, "Management's Discussion and Analysis — Debt Service."

The Hawesville facility occupies 189 acres on a site totaling 747 acres located adjacent to the Ohio River in Hawesville, Kentucky. The Hawesville facility began operations in 1970 and has an annual production capacity of approximately 538 million pounds. As of April 1, 2003, Century owns 100% of the Hawesville facility. From April 1, 2001 to April 1, 2003, Century's portion of the annual production capacity of the Hawesville facility was 430 million pounds. See Item 1, "Business — Facilities and Production — Hawesville Facility."

The Ravenswood facility occupies 350 acres on a site totaling 2,290 acres located adjacent to the Ohio River near Ravenswood, West Virginia. The Ravenswood facility was built in 1957 and has an annual production capacity of approximately 375 million pounds. See Item 1, "Business — Facilities and Production — Ravenswood Facility."

The Hawesville and Ravenswood facilities are subject to mortgages in connection with the Company's outstanding debt as further described in Part II, Item 7, "Management's Discussion and Analysis — Debt Service."

The Mt. Holly facility occupies 1,000 acres on a site totaling 6,500 acres located in Mt. Holly, South Carolina. The Mt. Holly facility was constructed in 1980 and has an annual production capacity of approximately 489 million pounds. Century owns a 49.7% interest in the Mt. Holly facility and the remaining interest is owned by Alcoa. Alcoa manages and operates the facility pursuant to an owners' agreement whereby each owner furnishes its own alumina for conversion to aluminum and is responsible for its pro rata share of the operating and conversion costs. See Item 1, "Business — Facilities and Production — Mt. Holly Facility."

The Gramercy plant sits on a site totaling 1,650 acres located adjacent to the Mississippi River in Gramercy, Louisiana. The Gramercy plant began operations in 1959 and consists of a production facility, a powerhouse for steam and electricity production, a deep water dock and a barge loading facility. Extensive portions of the Gramercy plant were rebuilt and modernized between 2000 and 2002. The Gramercy plant currently produces alumina at a capacity rate of approximately 1.2 million metric tons per year, consisting of approximately 80% smelter grade alumina and 20% alumina hydrate, or chemical grade alumina. See Item 1, "Business — Facilities and Production — The Gramercy Facility" for a description of the alumina refining operations at the Gramercy plant.

The bauxite mining operations of the Company are located in St. Ann, Jamaica. Under the terms of mining rights granted by the GOJ, SABL mines the land covered by the mining rights and the GOJ retains surface rights and ownership of the land. The GOJ granted the mining rights and entered into other agreements with SABL for the purpose of ensuring the Gramercy plant will have sufficient reserves to meet its

annual alumina requirements and existing or contemplated future obligations under third party contracts. Under the mining rights, SABL is entitled to mine 4.5 million dry metric tons, or DMT, of bauxite on specified lands annually through September 30, 2030. The GOJ is required to provide additional land if the land covered by the mining rights does not contain sufficient levels of commercially exploitable bauxite. See Item 1, "Business — Facilities and Production — The Gramercy Facility" for a description of the alumina refining operations at the Gramercy plant and bauxite mining operations in Jamaica.

Equipment failures at the Ravenswood, Mt. Holly, Hawesville, Nordural, or Gramercy facilities could limit or shut down the Company's production for a significant period of time. In order to minimize the risk of equipment failure, the Company follows a comprehensive maintenance and loss prevention program and periodically reviews its failure exposure.

The Company may suffer losses due to a temporary or prolonged interruption of the supply of electrical power to its facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. See Part II, Item 7, "Risk Factors."

Item 3. ***Legal Proceedings***

The Company has pending against it or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental and safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes the ultimate disposition will not have a material adverse effect on the Company's financial condition, results of operations, or liquidity. For a description of certain environmental matters involving the Company, see Item 1, "Environmental Matters."

Item 4. ***Submission of Matters to a Vote of Security Holders***

No matters were submitted to a vote of security holders of the Company during the fourth quarter of 2004.

Executive Officers

The following table sets forth certain information concerning the executive officers of the Company. Each such person serves at the discretion of the Board of Directors.

Name	Age	Business Experience and Principal Occupation or Employment During the Past 5 Years; Positions Held with Company
Craig A. Davis	64	Chairman of the Company for more than five years. Chief Executive Officer of the Company for more than five years.
Gerald J. Kitchen	64	Executive Vice President, General Counsel and Chief Administrative Officer of the Company for more than five years.
David W. Beckley	60	Executive Vice President and Chief Financial Officer of the Company for more than five years.
E. Jack Gates	63	Executive Vice President and Chief Operating Officer since October 2003, Vice President, Reduction Operations, of the Company since December 2000; President and Chief Executive Officer of F.G. Pruitt, Inc., from 1997 until December 2000; various management positions with Reynolds Metals Company from 1964 until 1997.
Daniel J. Krofcheck	51	Vice President and Treasurer of the Company for more than five years.

Name	Age	Business Experience and Principal Occupation or Employment During the Past 5 Years; Positions Held with Company
Steve Schneider	49	Vice President and Corporate Controller of the Company since April 2002; Corporate Controller of the Company since April 2001; Private Business Consultant from 2000 through April 2001; various management positions with Alcoa Inc. from 1977 until 2000.
Peter C. McGuire	57	Vice President and Associate General Counsel for the Company since April 2002; Associate General Counsel for the Company for more than five years.

Craig A. Davis, who served as the Company's Chief Executive Officer for more than five years through January 1, 2003, was reelected as its Chief Executive Officer on October 15, 2003.

PART II

Item 5. *Market for Registrant's Common Equity and Related Stockholder Matters*

The Company's common stock trades on the NASDAQ National Market tier of the NASDAQ Stock Market under the symbol: CENX. The following table sets forth, on a quarterly basis, the high and low sales prices of the common stock during the two most recent fiscal years.

	High	Low
2004		
Fourth Quarter	$29.10	$22.42
Third Quarter	$28.00	$21.70
Second Quarter	$29.40	$18.64
First Quarter	$29.70	$19.15
2003		
Fourth Quarter	$22.25	$10.41
Third Quarter	$12.71	$ 6.90
Second Quarter	$ 7.61	$ 5.82
First Quarter	$ 7.65	$ 5.61

At February 28, 2005, there were 23 holders of record of the Company's outstanding common stock, which does not include the number of beneficial owners whose common stock was held in street name.

The Company did not declare any dividends in 2004 or 2003 on its common stock. The Company did not declare or pay any dividends in 2003 on its preferred stock; however, in May 2004, the Company paid $3.3 million in dividend arrearages on its convertible preferred stock. In May 2004, all of the outstanding shares of the Company's convertible preferred stock were converted into common stock, eliminating the accumulation of dividends on the Company's preferred stock. The Company's revolving credit facility and the indenture governing the Company's senior notes, among other things, contain restrictions on the payment of dividends by the Company. See Part II, Item 7, "Liquidity and Capital Resources." Nordural's new term loan facility, among other things, contains restrictions on Nordural's ability to pay dividends. See Part II, Item 7, "Management's Discussion and Analysis — Recent Developments — Nordural's New Term Loan Facility." The Company has the capacity to pay dividends subject to certain financial covenants under the revolving line of credit and the indenture governing its senior notes. Although the Company does not anticipate declaring dividends in the near future, under its most restrictive covenants contained in the revolving line of credit, the Company would be permitted to pay dividends up to $5.0 million.

Item 6. *Selected Consolidated Financial Data*

The following table presents consolidated financial data of the Company for the years indicated. The selected consolidated historical balance sheet data as of each of the years ended December 31, 2004 and 2003 and the selected consolidated statement of operations data for each of the years ended December 31, 2004, 2003, and 2002 is derived from the Company's consolidated financial statements audited by Deloitte & Touche LLP which are included herein. The selected consolidated historical balance sheet data as of each of the years ended December 31, 2002, 2001 and 2000 and the selected consolidated statement of operations data for each of the years ended December 31, 2001 and 2000 is derived from the Company's consolidated financial statements audited by Deloitte & Touche LLP which are not included herein. The Company's selected historical results of operations include:

- the results from the additional 23% interest in the Mt. Holly facility since the Company acquired it in April 2000;
- the results from the 80% interest in the Hawesville facility since the Company acquired it in April 2001;
- the results from the remaining 20% interest in the Hawesville facility since the Company acquired it in April 2003;
- the results from the Nordural facility since the Company acquired it in April 2004; and
- the Company's equity in the earnings of GAL and SABL since the Company acquired a 50% joint venture interest in those companies in October 2004.

Accordingly, the results for those periods and prior periods are not fully comparable to the results of operations for fiscal year 2004 and are not indicative of the Company's current business. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements and Supplementary Data" and notes thereto appearing in Part II, Items 7 and 8, respectively.

	Year Ended December 31,				
	2004(6)	2003(4)	2002	2001(2)	2000(1)
	(In thousands, except per share data)				
Statement of Operations Data:					
Net sales — third party customers	$ 897,538	$660,593	$603,744	$543,453	$299,277
Net sales — related parties	163,209	121,886	107,594	111,469	129,320
Total net sales	1,060,747	782,479	711,338	654,922	428,597
Cost of goods sold	884,273	734,441	691,277	634,214	396,139
Gross profit	176,474	48,038	20,061	20,708	32,458
Selling, general and administrative expenses	24,916	20,833	15,783	18,598	13,931
Operating income	151,558	27,205	4,278	2,110	18,527
Gain on sale of fabricating businesses	—	—	—	—	5,156
Interest expense — third party	(39,946)	(41,269)	(40,813)	(31,565)	(408)
Interest expense — related parties	(380)	(2,579)	—	—	—
Interest income	1,086	339	392	891	2,675
Loss on early extinguishment of debt(7)	(47,448)	—	—	—	—
Other income (expense)	(1,305)	(688)	(1,843)	2,592	6,461
Net gain (loss) on forward contracts(3)	(21,521)	25,691	—	(203)	4,195

	Year Ended December 31,				
	2004(6)	2003(4)	2002	2001(2)	2000(1)
	(In thousands, except per share data)				
Income (loss) before income taxes, minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	42,044	8,699	(37,986)	(26,175)	36,606
Income tax benefit (expense)	(14,894)	(2,841)	14,126	8,534	(11,301)
Income (loss) before minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	27,150	5,858	(23,860)	(17,641)	25,305
Minority interest	—	986	5,252	3,939	—
Equity in earnings of joint venture(8)	821	—	—	—	—
Income (loss) before cumulative effect of change in accounting principle	27,971	6,844	(18,608)	(13,702)	25,305
Cumulative effect of change in accounting principle, net of tax benefit of $3,430(5)	—	(5,878)	—	—	—
Net income (loss)	27,971	966	(18,608)	(13,702)	25,305
Preferred dividends	(769)	(2,000)	(2,000)	(1,500)	—
Net income (loss) applicable to common shareholders	$ 27,202	$ (1,034)	$(20,608)	$(15,202)	$ 25,305
Earnings (Loss) Per Common Share:					
Basic:					
Income (loss) before cumulative effect of change in accounting principle	$ 0.95	$ 0.23	$ (1.00)	$ (0.74)	$ 1.25
Cumulative effect of change in accounting principle	—	(0.28)	—	—	—
Net income (loss)	$ 0.95	$ (0.05)	$ (1.00)	$ (0.74)	$ 1.25
Diluted:					
Income (loss) before cumulative effect of change in accounting principle	$ 0.95	$ 0.23	$ (1.00)	$ (0.74)	$ 1.24
Cumulative effect of change in accounting principle	—	(0.28)	—	—	—
Net income (loss)	$ 0.95	$ (0.05)	$ (1.00)	$ (0.74)	$ 1.24
Dividends Per Common Share	$ 0.00	$ 0.00	$ 0.15	$ 0.20	$ 0.20

	December 31,				
	2004(6)(8)	2003(4)(5)	2002	2001(2)	2000(1)
	(In thousands)				
Balance Sheet Data (at period end):					
Working capital	$(103,367)	$ 78,534	$ 94,618	$ 62,312	$ 76,701
Intangible asset — power contract-net	86,809	99,136	119,744	146,002	—
Total assets	1,330,870	810,326	765,167	776,706	333,770
Long-term debt	330,711	336,310	321,852	321,446	—
Total noncurrent liabilities	560,595	513,758	453,011	441,329	74,511
Total shareholders' equity	382,817	187,697	192,132	217,185	202,639

(1) On April 1, 2000, the Company purchased an additional 23% interest in the Mt. Holly facility from Xstrata, an affiliate of Glencore, increasing the Company's ownership interest to 49.7%. Accordingly, the results of operations following that date reflect the increased production which resulted from that purchase. Similarly, balance sheet data as of and following December 31, 2000 includes the assets and liabilities related to the additional 23% interest in the Mt. Holly facility.

(2) On April 1, 2001, the Company purchased the Hawesville facility from Southwire Company. Simultaneously, the Company effectively sold a 20% interest in the Hawesville facility to Glencore. Accordingly, the results of operations following that date reflect the increased production which resulted from Century's 80% interest. Similarly, balance sheet data as of and following December 31, 2001 includes assets and liabilities related to the Company's 80% interest in the Hawesville facility.

(3) On January 1, 2001, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" and related amendments. As a result, to the extent that the Company's derivatives are designated as effective cash flow hedges, unrealized gains (losses) are reported as accumulated other comprehensive income, rather than reported in the Statement of Operations as was done in 2000. Beginning in 2001, realized gains (losses) resulting from effective cash flow hedges are reported as adjustments to net sales and cost of goods sold.

(4) In April 2003, the Company purchased Glencore's 20% interest in the Hawesville facility. Accordingly, the results of operations following that date reflect the increased production which resulted from Century's additional 20% interest in the Hawesville facility. Similarly, balance sheet data as of and following December 31, 2003 includes assets and liabilities related to the Company's additional 20% interest in the Hawesville facility.

(5) With the adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations" on January 1, 2003, Century recorded an asset retirement obligation ("ARO") asset of $6,848, net of accumulated amortization of $7,372, a Deferred Tax Asset of $3,430 and an ARO liability of $14,220. The net amount initially recognized as a result of applying the Statement is reported as a cumulative effect of a change in accounting principle. The Company recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle.

(6) In April 2004, the Company purchased the Nordural facility. Accordingly, the results of operations following that date reflect the increased production which resulted from that purchase. Similarly, balance sheet data as of and following December 31, 2004 includes the assets and liabilities related to the interest in the Nordural facility.

(7) In August 2004, the Company refinanced $325.0 million of its senior secured first mortgage notes due 2008 with the proceeds from a private placement of $250.0 million of 7.5% senior unsecured notes due 2014 and $175.0 million of convertible senior notes due 2024. The Company recorded a loss of $47.4 million for the one-time cost of tendering these notes.

(8) In October 2004, the Company, together with Noranda, completed the joint purchase of the Gramercy, Louisiana alumina refinery owned by Kaiser and Kaiser's 49% interest in a Jamaican bauxite mining

partnership. The Company uses the equity method of accounting for its investment in the joint venture. Accordingly, the results of operations following that date reflect the Company's equity in the joint venture income. Similarly, balance sheet data as of and following December 31, 2004 includes assets related to the Company's interest in the joint venture.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

RISK FACTORS

The following describes certain of the risks and uncertainties faced by the Company that could cause its future results to differ materially from its current results and from those anticipated in its forward-looking statements. These risk factors should be considered together with the other risks and uncertainties described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere herein.

The cyclical nature of the aluminum industry causes variability in the Company's earnings and cash flows.

The Company's operating results depend on the market for primary aluminum, which is a cyclical commodity affected by global demand and supply conditions. Historically, global demand and prices for primary aluminum have fluctuated in part due to economic and market conditions in the United States and other major global economies, as well as currency fluctuations. The relative pricing of other materials, such as steel, plastic and glass, which are used as alternatives for aluminum in some applications, also affects demand for aluminum. Certain aluminum end-use markets, including the automotive sector and the building and construction sector, are also cyclical. When downturns occur in these sectors, demand for primary aluminum decreases resulting in lower prices for the Company's products. Over the past twenty years, the average annual cash price for primary aluminum on the LME was $0.69 per pound and has ranged from a low of $0.47 per pound in 1985 to a high of $1.15 per pound in 1988. The average LME price was $0.65 per pound for the year ended December 31, 2003 and $0.78 per pound for the year ended December 31, 2004. Primary aluminum prices could decline below current levels, reducing the Company's earnings and cash flows. A prolonged downturn in prices for primary aluminum could significantly reduce the amount of cash available to the Company to meet its current obligations and fund its long-term business strategies.

Conversely, if prices increase, certain of the Company's hedging transactions, including its LME-based alumina contracts, may limit the Company's ability to take advantage of the increased prices. See "Item 7A — Quantitative and Qualitative Disclosures About Market Risk."

The Company has reduced its casting and shipping costs by selling molten aluminum to the major customers of its Ravenswood and Hawesville facilities; the loss of one of these major customers would increase its production costs at those facilities.

A combined total of 53% of the Company's consolidated net sales for 2004 were derived from sales to Pechiney Rolled Products, LLC and Southwire Company. Pechiney was acquired by Alcan in February 2004. Pechiney's facility is located adjacent to the Ravenswood facility and Southwire's facility is located adjacent to the Hawesville facility. Due to this proximity, the Company is able to deliver molten aluminum to these customers, thereby eliminating the Company's casting and shipping costs and its customers' remelting costs. The Company has long-term contracts with Pechiney and Southwire which are due to expire at the end of 2005 and at the end of 2011, respectively. The Company has entered into a new contract for the supply of power to the Ravenswood facility that would extend the Pechiney contract through July 31, 2007. The new power contract is subject to certain approvals by the Public Service Commission of West Virginia. See Item 1, "Facilities and Production — Ravenswood facility." Pechiney has the right to reduce its purchases under its contract by 50%, upon 12 months' notice, and Southwire has the right to reduce purchases under its contract by 20% beginning in 2009. The Company may be unable to extend or replace these contracts when they terminate. If the Company is unable to renew these contracts when they expire, or if either customer

significantly reduces its purchases under those contracts, the Company will incur higher casting and shipping costs.

A material change in the Company's relationship with Glencore could affect how it purchases raw materials, sell its products and hedge its exposure to metal price risk.

The Company benefits from its relationship with Glencore International AG, its largest shareholder. The Company has entered into various long-term contracts with Glencore to sell up to 13.4% of its current annual primary aluminum production and to purchase up to 53.5% of its annual alumina requirements under contracts expiring at various dates from 2006 through 2013. In addition, the Company has entered into an alumina tolling agreement with Glencore for 198 million pounds of the expansion capacity at the Nordural facility. The Company also enters into forward sales and hedging contracts with Glencore, which helps the Company manage its exposure to fluctuating aluminum prices. Because Glencore is a major customer, supplier and metal hedge counterparty, a material change in the Company's relationship with Glencore, including any significant change in its investment in the Company, could affect how the Company purchases raw materials, sells its products and hedges its exposure to metal price risk, which could impact the Company's operating costs.

Losses caused by disruptions in the supply of power would reduce the profitability of the Company's operations.

The Company may incur losses due to a temporary or prolonged interruption of the supply of electrical power to its facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. Large amounts of electricity are used to produce primary aluminum, and any loss of power which causes an equipment shutdown can result in the hardening or "freezing" of molten aluminum in the pots where it is produced. If this occurs, the Company may lose production for a prolonged period of time and incur significant losses. Although the Company maintains property and business interruption insurance to mitigate losses resulting from catastrophic events, it may be required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of the Company's insurance policies do not cover any losses that may be incurred if the Company's suppliers are unable to provide power during periods of unusually high demand. Certain losses which are not covered by insurance may trigger a default under the Company's revolving credit facility.

Changes or disruptions to the Company's current supply arrangements could increase its raw material costs.

The Company depends on a limited number of suppliers for alumina, the principal raw material used to produce primary aluminum. Supply of alumina has been constrained over the past two years, and the construction of new production facilities requires substantial lead time. Disruptions to the Company's supply of alumina could occur for a variety of reasons, including disruptions of production at a particular supplier's alumina refinery. These disruptions may require the Company to purchase alumina on less favorable terms than under its current agreements. Spot alumina prices are currently substantially higher than the prices the Company pays under its long-term agreements.

The Company and Noranda Finance Inc., through 50/50 joint venture companies, recently purchased the Gramercy, Louisiana alumina refinery that supplies the alumina used at the Company's Hawesville and Noranda's New Madrid primary aluminum production facilities. As part of the acquisition, the joint venture also purchased an interest in a Jamaican partnership that owns bauxite mining assets in St. Ann, Jamaica. Bauxite is the principal raw material used in the production of alumina and all of the bauxite used at the Gramercy alumina refinery is purchased from the Jamaican partnership. In October 2004, certain equipment used by the partnership to load bauxite at the St. Ann port facility failed, resulting in a temporary interruption of bauxite shipments. The St. Ann port facility, which is used to ship bauxite to the Gramercy alumina facility and to other customers, operated at a reduced shipping level until full operations resumed in December 2004.

If there is a significant disruption of bauxite shipments in the future, the joint venture could incur additional costs if it is required to use bauxite from other sources.

The cost of alumina used at the Hawesville facility may be higher than under the Company's previous LME-based contract depending on certain market conditions.

The Gramercy refinery that the Company and Noranda recently acquired from Kaiser supplies all of the alumina used at the Company's Hawesville facility. Prior to the acquisition, the Company purchased alumina from Kaiser under a long-term contract at prices based on the LME price for primary aluminum. Following the acquisition, that contract was replaced with a contract that provides for alumina prices based on the Gramercy refinery's production costs. As a result, the price the Company pays for the alumina used at its Hawesville facility is now based on the cost of alumina production, rather than the LME price for primary aluminum. Those production costs could be materially higher than the price paid under the Company previous LME-based contract during periods when aluminum prices are low and natural gas prices are high.

Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect the Company's operating results.

The Company's operating results are sensitive to changes in the price of primary aluminum and the raw materials used in its production. Although the Company attempts to mitigate the effects of such price fluctuations through the use of various fixed-price commitments and financial instruments, these efforts may limit its ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. See "Item 7A — Quantitative and Qualitative Disclosures About Market Risk."

Electricity represents the Company's single largest operating cost. As a result, the availability of electricity at affordable prices is crucial to the profitability of the Company's operations. While the Company purchases primarily all of its electricity for its existing U.S. facilities under fixed-price contracts through 2005, a portion of the contracted cost of the electricity supplied to the Mt. Holly facility varies with supplier's fuel costs. An increase in these fuel costs would increase the price the Mt. Holly facility pays for electricity. The fixed price portions of the Company's current power contracts are due to expire at various times from the end of 2005 through 2010. The Company has entered into a new power contract with Appalachian Power Company for the supply of power to the Ravenswood facility beginning January 1, 2006. That agreement, which must be affirmed by the Public Services Commission of West Virginia, would have an initial term of 2 years and continue thereafter until the Company gives 12 months' notice of cancellation. If the Company is unable to obtain power at affordable rates upon the expiration of its contracts, the Company may be forced to curtail or idle a portion of its production capacity, which would lower its revenues and adversely affect the profitability of its operations.

The Company is subject to the risk of union disputes.

The bargaining unit employees at the Company's Ravenswood and Hawesville facilities and at the Gramercy refinery are represented by the United Steel Workers of America. The Company's labor contracts expire in 2006 at the Ravenswood and Hawesville facilities and in 2005 at the Gramercy plant. Nordural's employees are represented by unions and were employed under a contract that expired at the end of 2004. New labor contracts are being negotiated to replace the recently expired contracts covering employees at Nordural and the Jamaican bauxite mining operations. The Company may be unable to satisfactorily renegotiate those labor contracts. In addition, existing labor contracts may not prevent a strike or work stoppage at any of these facilities in the future, and any such work stoppage could prevent or significantly impair the Company's ability to conduct production operations at those facilities.

The Company depends on key management personnel.

The Company's management structure is streamlined and, as a result, it relies heavily on a small core senior management team. The unexpected loss of the services of one or more key employees could significantly harm the Company's business, financial condition and operating results. The employment agreements for certain key management personnel expire at the end of 2005 and it is anticipated that one or more of those individuals may retire at that time.

The Company is subject to a variety of environmental laws that could result in costs or liabilities.

The Company is obligated to comply with various federal, state and other environmental laws and regulations, including the environmental laws and regulations of Iceland, the European Economic Area and Jamaica. Environmental laws and regulations may expose the Company to costs or liabilities relating to its manufacturing operations or property ownership. The Company incurs operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. In addition, the Company is currently and may in the future be responsible for the cleanup of contamination at some of its current and former manufacturing facilities or for the amelioration of damage to natural resources. For example, the Company, along with others, including former owners of the Company's former St. Croix facility, received notice of a threatened lawsuit alleging natural resources damages at the facility. While it is not presently possible to determine the outcome of this matter, the Company's known liabilities with respect to this and other matters relating to compliance and cleanup, based on current information, are not expected to be material and should not materially adversely affect the Company's operating results. However, if more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered, or if contributions from other responsible parties with respect to sites for which the Company has cleanup responsibilities are not available, the Company may be subject to additional liability, which may be material. Further, additional environmental matters for which the Company may be liable may arise in the future at its present sites where no problem is currently known, with respect to sites previously owned or operated by the Company, by related corporate entities or by its predecessors, or at sites that the Company may acquire in the future. Overall production costs may become prohibitively expensive and prevent the Company from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than current or projected expenditures and costs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Environmental Expenditures and Other Contingencies" and Note 12 to the Company's audited consolidated financial statements for a detailed description of the Company's environmental matters and associated costs and risks.

Acquisitions may present difficulties for the Company.

In April 2004, the Company acquired the Nordural facility, which is located in Grundartangi, Iceland. In October 2004, the Company acquired a joint venture interest in an alumina refinery located in Gramercy, Louisiana and a 49% interest in related bauxite operations in Jamaica. The Company may make other strategic acquisitions in the future. The Company is subject to numerous risks as a result of its acquisitions, including the following:

- it may be difficult for the Company to manage its existing business as it integrates acquired operations;
- the Company may not achieve the anticipated reductions in average unit production costs as a result of its acquisitions; and
- management of acquisitions will require continued development of financial controls and information systems, which may prove to be expensive, time-consuming, and difficult.

Accordingly, the Company's recent or future acquisitions might not improve the Company's competitive position and business prospects as anticipated.

The Company may not realize the expected benefits of the planned expansion of the Nordural facility.

The ongoing expansion of the Company's Nordural facility, which is expected to be completed in late 2006, will more than double the facility's existing production capacity. The expected benefits of the expansion may not be realized if Nordural is unable to complete the expansion in the time forecast or experiences significant cost overruns. The Company may add additional capacity to the current expansion project or in a future expansion of the Nordural facility. In each case, the Company's ability to add the additional capacity depends on its ability to enter into certain key contracts for that capacity.

Operating in foreign countries exposes the Company to political, regulatory, currency and other related risks

The Nordural facility is the Company's first facility located outside of the United States. The bauxite operations related to the Gramercy plant, which the Company recently acquired through a joint venture with Noranda, are located in Jamaica. The Company may in the future consider other acquisitions in foreign countries. International operations may expose the Company to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased cost to adapt the Company's systems and practices to those used in foreign countries, export duties, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws. In addition, the Company will be exposed to fluctuations in currency exchange rates and, as a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase its operating expenses which are denominated and payable in those currencies. For example, Nordural's revenues are denominated in U.S. dollars, while its labor costs are denominated in Icelandic kronur and a portion of its anode costs are denominated in euros.

The Company's historical financial information may not be comparable to its results for future periods.

The Company historical financial information is not necessarily indicative of its future results of operations, financial position and cash flows. For example, the Company's historical financial data does not reflect the effects of:

- its acquisition of the remaining 20% interest in the Hawesville facility prior to April 1, 2003;
- its acquisition of the Nordural facility prior to April 27, 2004; and
- the equity earnings of the joint venture purchases of the Gramercy assets.

The Company's high level of indebtedness requires significant cash flow to meet its debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits the Company's ability to pursue its growth strategy.

The Company is highly leveraged. It had an aggregate of approximately $524.1 million of outstanding indebtedness for borrowed money as of December 31, 2004. In addition, Nordural can borrow up to an aggregate of $365.0 million under its new term loan facility. The level of the Company's indebtedness could have important consequences, including:

- limiting cash flow available for capital expenditures, acquisitions, dividends, working capital and other general corporate purposes because a substantial portion of its cash flow from operations must be dedicated to servicing its debt;
- increasing its vulnerability to adverse economic and industry conditions;
- limiting its flexibility in planning for, or reacting to, competitive and other changes in its business and the industry in which it operates;
- placing the Company at a disadvantage compared to its competitors who may have less debt and greater operating and financing flexibility than it does; and
- limiting the Company's ability to borrow additional funds, which may prevent it from pursuing favorable acquisition opportunities when they arise.

In addition to its indebtedness, the Company's has liabilities and other obligations which could reduce cash available for other purposes and limit its ability to pursue its growth strategy. See "Liquidity and Capital Resources." The Company will need a significant amount of cash to service its debt. While the Company's debt service has decreased as a result of the 2004 refinancing, it will increase as Nordural draws down under its new term loan facility. In addition, the Company will be required to settle in cash up to the principal amount of its convertible notes (which are convertible at any time) upon conversion, which could increase its debt service obligations.

The Company is also exposed to risks of interest rate increases. Nordural recently entered into a new $365.0 million senior term loan facility. Nordural's annual debt service requirements will vary, as amounts outstanding under its new term loan facility will bear interest at a variable rate.

The Company's ability to pay interest and to repay or refinance its indebtedness, including its senior term notes and convertible notes, and satisfy other commitments, including funding the Nordural expansion, will depend upon its future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors that are beyond its control. Accordingly, there is no assurance that the Company's business will generate sufficient cash flow from operations or that future borrowings will be available to the Company in an amount sufficient to enable it to pay its indebtedness, including the notes, or to fund its other liquidity needs. If the Company is unable to meet its debt service obligations or fund its other liquidity needs, the Company could attempt to restructure or refinance its indebtedness or seek additional equity capital. There can be no assurance that the Company will be able to accomplish those actions on satisfactory terms, or at all.

Restrictive covenants in the Company's credit facilities and the indenture governing its senior notes limit the Company's ability to incur additional debt and pursue its growth strategy.

The Company's revolving credit facility and the indenture governing its senior term notes each contain various covenants that restrict the way it conducts its business and limits the Company's ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, which may impair its ability to pursue its growth strategy. See "Liquidity and Capital Resources — Debt Service." Any failure to comply with those covenants may constitute a breach under the revolving credit facility or the indenture governing the notes, which may result in the acceleration of all or a substantial portion of its outstanding indebtedness and termination of commitments under its revolving credit facility. If its indebtedness is accelerated, the Company may be unable to repay those amounts upon acceleration and the Company's secured lenders could foreclose on any collateral securing the Company's secured debt.

Substantially all of Nordural's assets are pledged as security under its new term loan facility, including, but not limited to, all of Nordural's property, plant and equipment related to the smelter and the harbor area and all of Nordural's current and future inventory, receivables, insurance policies, bank accounts, and rights under specified contracts relating to the operation of the Nordural facility, including its tolling, anode supply and power contracts having a term longer than two years. In addition, the shares of Nordural have been pledged to the lenders as collateral. If Nordural is unable to comply with these covenants, the lenders would be able to cancel commitments under Nordural's loan facility, cause all or part of the amounts outstanding under the loan facility to be immediately due and payable and foreclose on any collateral securing the loan facility. The new term loan facility also contains restrictions on Nordural's ability to pay dividends, including a requirement that Nordural make a repayment of principal in an amount equal to 50% of any dividend paid to shareholders. See "Liquidity and Capital Resources." Based on Nordural's needs for cash to finance its expansion and operations, the Company does not currently anticipate that Nordural will distribute any cash until the expansion is complete.

The Company depends upon dividends from its subsidiaries to meet its debt service obligations.

The Company is a holding company and conducts all of its operations through its subsidiaries. The Company's ability to meet its debt service obligations depends upon its receipt of dividends from its subsidiaries. Nordural's new senior term loan facility places significant limits on Nordural's ability to pay dividends. Subject to the restrictions contained in the Company's revolving credit facility and the indenture governing its senior notes, future borrowings by the Company's subsidiaries could contain restrictions or prohibitions on the payment of dividends by those subsidiaries. In addition, under applicable law, the Company's subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock.

Despite current levels of indebtedness, the Company may be able to incur substantially more indebtedness.

Despite its current and anticipated debt levels, the Company may be able to incur significant additional indebtedness from time to time, subject to the restrictions contained in its revolving credit facility and the indenture governing its senior term notes. The Company may borrow amounts under its revolving credit facility, and any such borrowings would be secured by all of the Company's accounts receivable and inventory. Although the indenture governing the notes contains restrictions on the Company's incurrence of debt, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, the Company could incur substantial indebtedness while remaining in compliance with these restrictions. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Liquidity and Capital Resources."

The price of the Company's common stock may fluctuate significantly.

The market price of the Company's common stock has experienced significant volatility from time to time, and this volatility may continue in the future. From January 1, 2004, through March 11, 2005, the intra-day sales price of our common stock on NASDAQ ranged from $18.64 to $34.27 per share. In addition, the securities markets have experienced significant price and volume fluctuations. The market price for the Company's common stock may be affected by a number of factors, including actual or anticipated variations in the Company's quarterly results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, changes in research coverage by securities analysts, the conversion of some or all of the Company's outstanding convertible notes, any announcement by the Company of significant acquisitions, strategic partnerships, joint ventures or capital commitments, developments in the aluminum industry and sales of substantial numbers of shares by current holders of the Company's common stock in the public market. In addition, general economic, political and market conditions and other factors unrelated to the Company's operating performance may cause the market price of its common stock to be volatile.

Provisions in the Company's charter documents and state law may make it difficult for others to obtain control of the Company, even though some stockholders may consider it to be beneficial.

Certain provisions of the Company's restated certificate of incorporation and amended and restated bylaws, as well as provisions of the Delaware General Corporation Law may have the effect of delaying, deferring or preventing a change of control of the Company, including transactions in which the Company's stockholders might otherwise have received a substantial premium for their shares over then current market prices. For example, these provisions:

- give authority to the Company's board of directors to issue preferred stock and to determine the price, rights, preferences, privileges and restrictions of those shares without any stockholder vote;
- provide, under the Company's charter documents, for a board of directors consisting of three classes, each of which serves for a different three-year term;
- require stockholders to give advance notice prior to submitting proposals for consideration at stockholders' meetings or to nominate persons for election as directors; and
- restrict, under the Company's charter documents, certain business combinations between us and any person who beneficially owns 10% or more of its outstanding voting stock.

In addition, certain officers of the Company have entered into employment and severance compensation agreements that provide for cash payments, immediate vesting of stock options and performance shares and acceleration of other benefits under certain circumstances, including a change in control of the Company. The Company's 1996 Stock Incentive Plan also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change of control, and the Company's Non-Employee Directors Stock Option Plan provides for acceleration of an option holder's ability to exercise stock options upon a change of control.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion reflects the Company's historical results of operations, which do not include results from: (1) the Company's 80% interest in the Hawesville facility until acquired in April 2001, (2) the remaining 20% interest in the Hawesville facility until acquired in April 2003, (3) the Company's ownership of Nordural until acquired in late April 2004 and (4) the Company's ownership interest in the Gramercy assets until acquired in October 2004. Accordingly, the results for fiscal years 2002 and 2003 are not fully comparable to the results of operations for fiscal year 2004. Historical results are not indicative of the Company's current business. You should read the following discussion in conjunction with the Company's consolidated financial statements included elsewhere in this filing.

Overview

The Company produces primary aluminum. The aluminum industry is cyclical and the price of primary aluminum (which trades as a commodity) is determined by global supply and demand. The key determinants of the Company's results of operations and cash flow from operations are as follows:

- The Company's selling price is based on the LME price of primary aluminum and fixed price sales contracts.
- The Company's plants operate at or near capacity, and fluctuations in volume, other than through acquisitions, generally are small.
- The principal components of cost of goods sold are alumina, power and labor, which were in excess of 70% of the 2004 cost of goods sold. Many of these costs are covered by long-term contracts as described below.

Average realized price and cost of goods sold per pound shipped are key performance indicators. Revenue varies significantly from period to period due to fluctuations in the LME price of aluminum. Any adverse changes in the conditions that affect the market price of primary aluminum could have a material adverse effect on the Company's results of operations and cash flows. Revenue is also impacted by the Company's hedging activities. Working capital is relatively stable. Fluctuations in working capital are influenced by the LME price of primary aluminum and by the timing of cash receipts and disbursements from major customers and suppliers.

Cost of goods sold, excluding alumina, is expected to remain relatively stable because the Company's plants operate near capacity and its major cost drivers are covered by long-term contracts. Fluctuations in the cost of alumina are expected as the pricing in these contracts, except for the Gramercy alumina contract, is variable and based on LME prices. Power contracts for U.S. facilities provide for primarily fixed priced power through 2005, subject to adjustments for fuel costs for Mt. Holly. On February 18, 2005, Century of West Virginia signed an agreement with Appalachian Power Company for the supply of electricity to the Ravenswood facility beginning January 1, 2006. See Item 1, "Business — Facilities and Production — Ravenswood Facility." Power usage is expected to be consistent with prior periods. Labor costs should be consistent with modest increases for negotiated salary and benefit increases.

Through the Company's ownership of the Ravenswood, Hawesville and Nordural facilities, and the Company's ownership interest in the Mt. Holly facility, the Company has an annual production capacity of approximately 1.4 billion pounds of primary aluminum.

Recent Developments

Nordural's New Term Loan Facility

On February 10, 2005, Nordural executed a loan agreement and other agreements and documents related to a new $365.0 million senior term loan facility arranged by Landsbanki Islands hf. and Kaupthing Bank hf. The term loan facility closed and funded on February 15, 2005. Amounts borrowed under the new term loan facility refinanced debt under Nordural's prior term loan facility, and will be used to finance a portion of the costs associated with the ongoing expansion of the Nordural facility and for Nordural's general corporate purposes. Borrowings are subject to customary conditions, including the absence of any default under the loan agreement or any material adverse change in Nordural's condition (financial or otherwise), business, operations, assets, liabilities or prospects. See "Liquidity and Capital Resources — Debt Service — Nordural's New Term Loan Facility"

The Gramercy Acquisition

On October 1, 2004, the Company and Noranda Finance Inc., through 50/50 joint venture companies, acquired an alumina refinery in Gramercy, Louisiana and related bauxite mining assets in Jamaica (collectively, the "Gramercy assets") from Kaiser Aluminum & Chemical Company (the "Gramercy acquisition."). The purchase price for the Gramercy assets was approximately $23 million, subject to working capital adjustments. The Company and Noranda each paid one-half, or $11.5 million of the unadjusted purchase price. Kaiser sold the Gramercy assets as part of its reorganization to emerge from Chapter 11 bankruptcy. Gramercy has an annual production capacity of 1.2 million metric tons of alumina, approximately 80% of which is supplied to the Hawesville facility and to a primary aluminum production facility separately owned by Noranda. The Hawesville facility purchases virtually all of its alumina requirements from Gramercy.

In October 2004, certain bauxite loading equipment used by the bauxite mining partnership at its St. Ann, Jamaica port facility failed, resulting in a temporary interruption of bauxite shipments from the facility. The St. Ann port facility, which is used to ship bauxite to the Gramercy alumina facility and to other customers, operated at a reduced shipping level until full operations resumed in December 2004.

Post-Acquisition Operation of the Gramercy assets

Alumina is the principal raw material used in the production of primary aluminum. The Company acquired its share of the Gramercy assets to ensure a stable supply of alumina to the Company's primary aluminum production facilities at acceptable costs and to avoid the risk of significant cost increases if the Company was required to replace this source of supply in the current high priced and volatile spot alumina market.

Prior to the acquisition, the Gramercy assets were operated by Kaiser as a non-autonomous part of Kaiser's business. The dominant portion of the revenues from these operations was derived from alumina sales to Century and to Noranda. Following the acquisition, the Company uses its share of the Gramercy assets as a source of alumina for its Hawesville facility. Third party CGA and bauxite sales are incidental and, standing alone, are not significant and will be maintained only to optimize fixed costs. Further, Century and Noranda have assumed certain essential management and business functions previously provided by Kaiser. Accordingly, there is a lack of continuity between pre- and post-acquisition revenue-producing activity and the manner in which essential management and business functions are handled. In addition, Kaiser did not maintain separate financial statements for the operations that comprise the Gramercy assets. Based on the foregoing, the Company believes that disclosure of historical financial information relating to the Gramercy assets would not be material to an understanding of the Company's future operations.

The 2004 Refinancing

On August 26, 2004, the Company announced the Company's repurchase of approximately $315.1 million in aggregate principal amount of the Company's 11.75% senior secured first mortgage notes due 2008 that were validly tendered pursuant to a tender offer and consent solicitation commenced on July 29, 2004. Under the terms of the tender offer, the Company paid $1,096.86 for each $1,000 principal amount of first mortgage notes purchased in the tender offer, plus accrued and unpaid interest. Holders who tendered their notes prior to 5:00 p.m., New York City time, on August 6, 2004, received an additional payment of $20.00 per $1,000 of principal amount of first mortgage notes tendered.

The primary purpose of the tender offer and consent solicitation was to refinance $325.0 million of the Company's outstanding first mortgage notes with debt bearing a lower interest rate, thereby reducing the Company's annual interest expense. Approximately $9.9 million in aggregate principal amount of first mortgage notes remain outstanding following the tender offer and are scheduled to mature on April 15, 2008.

In connection with the tender offer and consent solicitation, the Company received consents needed to amend the indenture governing the remaining first mortgage notes to eliminate substantially all restrictive covenants and certain default provisions. The Company has provided the trustee under the indenture notice of its intent to call for redemption all outstanding first mortgage notes on or about April 15, 2005.

The Company financed the tender offer and consent solicitation with a portion of the net proceeds from (i) the private placement of $175.0 million aggregate principal amount of the Company's 1.75% convertible senior notes due August 1, 2024, and (ii) the private placement of $250.0 million aggregate principal amount of the Company's 7.5% senior notes due August 15, 2014. The Company used the remaining proceeds from the sale of the Company's convertible notes and senior notes for general corporate purposes.

The Nordural Acquisition and Expansion

On April 27, 2004, the Company completed the acquisition of all of the outstanding equity shares of Nordural hf. (now known as Nordural ehf.) from Columbia Ventures Corporation. Nordural is an Icelandic company that owns and operates the Nordural facility, a primary aluminum reduction facility located in Grundartangi, Iceland. Built in 1998, the Nordural facility is the Company's most recently constructed and lowest cost facility. It currently has an annual production capacity of approximately 198 million pounds.

Since the acquisition, the Company has commenced work on an expansion of the Nordural facility to increase its annual production capacity to approximately 467 million pounds, or more than double its current annual production capacity. As currently planned, the expansion will add up to 269 million pounds to the Nordural facility's annual production capacity. The expansion is projected to be completed by late 2006 and is expected to cost approximately $454 million.

In connection with the expansion, the Company agreed on the terms of amendments to several long-term contracts with the Government of Iceland, local municipalities and the Grundartangi Harbour Fund, which were effective upon the closing of Nordural's new term loan facility. The Company agreed to an LME-based ten-year alumina tolling contract with Glencore for 198 million pounds of the expansion capacity. The power needed for the expansion capacity will be purchased under a long-term LME-based agreement with Sudurnes Energy and Reykjavik Energy. The Company's new energy agreement includes power for approximately 18 million pounds of additional capacity, upon satisfaction of certain conditions, including the completion of a power transmission agreement. With the additional 18 million pounds of capacity, the total annual production capacity of the Nordural facility would increase to 485 million pounds by late 2006. A decision on the additional 18 million pounds of capacity is expected in early 2005. Following completion of the expansion, Nordural will have all the infrastructure and support facilities necessary for further expansion to 573 million pounds of annual production capacity. This expansion would be made at relatively low capital cost. The Company is in discussions for the supply of electric power to support this further expansion.

Key Long-Term Primary Aluminum Sales Contracts

The Company routinely enters into market priced contracts for the sale of primary aluminum. A summary of Century's long-term primary aluminum sales contracts is provided below. See Part I, Item 1, "Sales and Distribution" for further discussion of these contracts.

Contract	Customer	Volume	Term	Pricing
Pechiney Metal Agreement........	Pechiney	276 to 324 million pounds per year	Through December 31, 2005(1)	Variable, based on U.S. Midwest market
New Sales Contract ..	Glencore	110 million pounds per year	January 2005 through December 31, 2009	Variable, LME-based
Glencore Metal Agreement........	Glencore	45 million pounds per year	January 2004 through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement........	Southwire	240 million pounds per year (high purity molten aluminum)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2008	Variable, based on U.S. Midwest market
Billiton Tolling Agreement(2).....	BHP Billiton	198 million pounds	Through December 31, 2013	Variable, LME-based
Glencore Tolling Agreement........	Glencore	198 million pounds	Through July 2016(3)	Variable, LME-based

(1) The Pechiney Metal Agreement will be automatically extended through July 31, 2007, if the Company extends its Ravenswood power contract through that date. On February 18, 2005, Century of West Virginia signed an agreement with Appalachian Power Company for the supply of electricity to the Ravenswood facility beginning January 1, 2006. See Item 1, "Business — Facilities and Production — Ravenswood Facility."

(2) Substantially all of Nordural's sales consist of tolling revenues earned under a long-term Alumina Supply, Toll Conversion and Aluminum Metal Supply Agreement between Nordural and a subsidiary of BHP Billiton Ltd. (the "Billiton Tolling Agreement"). Under the Billiton Tolling Agreement, which is for virtually all of Nordural's existing production capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. The Company acquired Nordural in April 2004.

(3) As of August 1, 2004, the Company entered into a ten-year LME-based alumina tolling agreement for 198 million pounds of the expansion capacity at the Nordural facility. The term of the agreement will begin upon completion of the expansion, which is expected to be in late-2006.

Apart from the Pechiney Metal Agreement, New Sales Contract, the Glencore Metal Agreement and Southwire Metal Agreement, the Company had forward delivery contracts to sell 249.4 million pounds and 351.8 million pounds of primary aluminum at December 31, 2004 and December 31, 2003, respectively. Of these forward delivery contracts, the Company had fixed price commitments to sell 13.3 million pounds and 70.5 million pounds of primary aluminum at December 31, 2004 and December 31, 2003, respectively, of which none at December 31, 2004 and 53.5 million pounds December 31, 2003, were with Glencore.

Key Long-Term Supply Agreements

Alumina Supply Agreements

The Company is party to long-term supply agreements with Glencore that supply a fixed quantity of alumina to the Company's Ravenswood and Mt. Holly facilities at prices indexed to the price of primary

aluminum quoted on the LME. In addition, as part of the Gramercy acquisition, the Company entered into a long-term supply agreement on November 2, 2004 with Gramercy Alumina LLC that supplies a fixed quantity of alumina to the Company's Hawesville facility at prices based on the alumina production costs at the Gramercy refinery. A summary of these agreements is provided below. The Company's Nordural facility toll converts alumina provided by BHP Billiton, and will toll convert alumina provided by Glencore beginning in 2006. See Part I, Item 1, "Facilities and Production" for additional discussion of the Company's alumina and tolling agreements.

Facility	Supplier	Term	Pricing
Ravenswood	Glencore	Through December 31, 2006	Variable, LME-based
Mt. Holly	Glencore	Through December 31, 2006 (54% of requirement)	Variable, LME-based
Mt. Holly	Glencore	Through January 31, 2008 (46% of requirement)	Variable, LME-based
Hawesville......................	Gramercy Alumina(1)	Through December 31, 2010	Cost-based

(1) The alumina supply agreement with Gramercy Alumina LLC, which was entered into on November 2, 2004, replaced the Company's alumina supply agreement with Kaiser.

Electrical Power Supply Agreements

The Company uses significant amounts of electricity in the aluminum production process. A summary of these power supply agreements is provided below.

Facility	Supplier	Term	Pricing
Ravenswood(1) ..	Ohio Power Company	Through December 31, 2005	Fixed price
Mt. Holly	Santee Cooper	Through December 31, 2015	Fixed price, with fuel cost adjustment clause through 2010; subject to a new fixed price schedule after 2010
Hawesville	Kenergy	Through December 31, 2010	Fixed price through 2005, 27% (or 121 MW) unpriced 2006 though 2010
Nordural(2)	Landsvirkjun	Through 2019	Variable rate based on the LME price for primary aluminum.

(1) On February 18, 2005, Century of West Virginia signed an agreement with Appalachian Power Company for the supply of electricity to the Ravenswood facility beginning January 1, 2006. The agreement has an initial term of two years and continues thereafter until Century gives 12 months' notice of cancellation. Appalachian Power has filed a petition with the Public Services Commission of West Virginia ("PSC") seeking affirmation of its authorization to provide service to the Ravenswood facility. In 2000, the PSC found that the Ravenswood facility was in Appalachian Power's service territory and had jurisdiction over the provision of service. The agreement will become effective unless the PSC fails to affirm its previous findings. Power under the new agreement is priced under an Appalachian Power tariff.

(2) In connection with the expansion of the Nordural facility, the Company has entered into contracts with Sudurnes Energy and Reykjavik Energy for the supply of the power required for 269 million pounds of the expansion capacity at the Nordural facility. The Company may purchase additional electrical power under one of those contracts to support the further expansion of the facility. The rate for the power supplied under both contracts will also be LME-based.

Labor Agreements

The Company's labor costs at the Ravenswood and Hawesville facilities are subject to the terms of labor contracts which generally have provisions for annual fixed increases in hourly wages and benefits adjustments. The six national labor unions represented at the Nordural facility operate under a labor contract that establishes wages and work rules for covered employees. The employees at the Mt. Holly facility are employed by Alcoa and are not unionized. The two national labor unions represented at the Jamaican bauxite mining operations operate under labor contracts that establish wages and work rules for covered employees on a plant specific basis. A summary of key labor agreements is provided below. See Item 1, "Business — Employees and Labor Relations" for additional discussion about the Company's work force.

Facility	Organization	Term
Ravenswood	USWA	Through May 31, 2006
Hawesville	USWA	Through March 31, 2006
Mt. Holly	Not unionized	Not Applicable
Nordural	Icelandic labor unions	Through December 31, 2004(1)
Gramercy	USWA	Through September 30, 2005
Jamaica	Jamaican labor unions	Through December 31, 2004(2)

(1) The current labor contract at the Nordural facility expired on December 31, 2004. A new contract is expected to be settled in 2005.

(2) The labor contracts at the Jamaican bauxite operation expired on December 31, 2004 with respect to unionized hourly employees, and December 31, 2003 with respect to unionized salaried employees. New contracts are expected to be settled in 2005.

Application of Critical Accounting Policies

The Company's significant accounting policies are discussed in Note 1 of the consolidated financial statements. The preparation of the financial statements requires that management make subjective estimates, assumptions and judgments in applying these accounting policies. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Critical accounting estimates require management to make assumptions about matters that are highly uncertain at the time of the estimate and a change in these estimates may have a material impact on the presentation of the Company's financial position or results of operations. Significant judgments and estimates made by the Company include expenses and liabilities related to pensions and other postemployment benefits and forward delivery contracts and financial instruments.

Pension and Other Postemployment Benefit Liabilities

The Company sponsors various pension plans and also participates in a union sponsored multi-employer pension plan for the collective bargaining unit employees at the Hawesville facility. The liabilities and annual income or expense of the Company's pension and other postemployment benefit plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate and the long-term rate of asset return.

In developing its expected long-term rate of return assumption for pension fund assets, the Company evaluated input from its actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. The Company also considered its historical 10-year compound returns. Century anticipates that the Company's investments will generate long-term rates of return of 9.0%. The Company's expected long-term rate of return is based on an assumed asset allocation of 65% equity funds and 35% fixed-income funds.

The discount rate that the Company utilizes for determining future pension and post employment obligations is based on a review of long-term bonds that receive one of the two highest ratings given by a

recognized rating agency. The discount rate determined on this basis has decreased to 5.75% at December 31, 2004 from 6.25% and 6.5% at December 31, 2003 and 2002, respectively.

Lowering the expected long-term rate of return by 0.5% (from 9.0% to 8.5%) would have increased the Company's pension expense for the year ended December 31, 2004 by approximately $0.3 million. Lowering the discount rate assumptions by 0.5% would have increased the Company's pension expense for the year ended December 31, 2004 by approximately $0.4 million.

The Company provides postemployment benefit plans that provide health care and life insurance benefits for substantially all retired employees. SFAS No. 106 requires the Company to accrue the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. The Company funds these benefits as the retirees submit claims.

Measurement of the Company's postretirement benefit obligations requires the use of several assumptions about factors that will affect the amount and timing of future benefit payments. The assumed health care cost trend rates are the most critical assumptions for measurement of the postretirement benefits obligation. Changes in the health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations.

The Company assumes medical inflation is initially 9%, declining to 5% over six years and thereafter. A one-percentage-point change in the assumed health care cost trend rates would have the following effects in 2004:

	One Percentage Point Increase	One Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	$ 2,241	$ (1,761)
Effect on accumulated postretirement benefit obligation	$27,101	$(21,511)

Forward Delivery Contracts and Financial Instruments

The Company routinely enters into market priced physical and fixed-priced financial contracts for the sale of primary aluminum and the purchase of raw materials in future periods. The Company applies the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended," in accounting for these types of contracts. For those physical delivery contracts which management believes are probable of future delivery, such contracts are classified as normal purchases and normal sales and are not accounted for as derivatives.

The aluminum-based financial and physical delivery contracts that are derivatives, as provided for in current accounting standards, are marked-to-market using the LME spot and forward market for primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for management to estimate the U.S. Midwest premium. Fluctuations in the LME price of primary aluminum have a significant impact on gains and losses included in the Company's financial statements from period to period. Unrealized gains and losses are either included in Other comprehensive income (loss) or Net gain (loss) on forward contracts, depending on criteria as provided for in the accounting standards.

The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have a significant impact on gains and losses included in the Company's financial statements from period to period. The Company has designated these forward contracts as cash flow hedges for forecasted natural gas transactions in accordance with the provisions of SFAS No. 133 (as amended). The Company assesses the effectiveness of these cash flow hedges quarterly. The effective portion of the gains and losses are recorded in Other comprehensive income (loss) and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

The principal contracts affected by these standards and the resulting effects on the financial statements are described in the consolidated financial statements and related notes thereto.

Results of Operations

The following table sets forth, for the years indicated, the percentage relationship to net sales of certain items included in the Company's Statements of Operations. The following table includes the results from the Company's additional 20% interest in the Hawesville facility since its acquisition in April 2003, the results from the Company's purchase of the Nordural facility since its acquisition in April 2004 and the results from the Company's interest in the Gramercy assets since its acquisition in October 2004.

	Percentage of Net Sales		
	2004	2003	2002
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	(83.4)	(93.9)	(97.2)
Gross profit	16.6	6.1	2.8
Selling, general and administrative expenses	(2.3)	(2.6)	(2.2)
Operating income	14.3	3.5	0.6
Interest expense	(3.8)	(5.6)	(5.7)
Interest income	0.1	0.1	0.1
Loss on early extinguishment of debt	(4.5)	—	—
Other expense	(0.2)	(0.1)	(0.3)
Net gain (loss) on forward contracts	(2.0)	3.3	—
Income (loss) before income taxes, minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	3.9	1.2	(5.3)
Income tax benefit (expense)	(1.4)	(0.4)	2.0
Income (loss) before minority interest, equity in earnings of joint venture and cumulative effect of accounting change	2.5	0.8	(3.3)
Minority interest	—	0.1	0.7
Equity in earnings of joint venture	0.1	—	—
Income (loss) before cumulative effect of change in accounting principle	2.6	0.9	(2.6)
Cumulative effect of change in accounting principle	—	(0.8)	—
Net income (loss)	2.6%	0.1%	(2.6)%

The following table sets forth, for the periods indicated, the pounds and the average sales price per pound shipped:

	Primary Aluminum			
	Direct		Toll	
	Pounds	$/Pound	Pounds	$/Pound
	(pounds in thousands)		(pounds in thousands)	
2004				
First Quarter	296,743	$0.78	—	$ —
Second Quarter(2)	294,816	0.82	35,600	0.60
Third Quarter	292,978	0.83	51,218	0.60
Fourth Quarter	295,287	0.87	51,421	0.64
Total	1,179,824	$0.83	138,239	$0.62

	Primary Aluminum			
	Direct		Toll	
	Pounds	$/Pound	Pounds	$/Pound
	(pounds in thousands)		(pounds in thousands)	
2003				
First Quarter	257,040	$0.70	—	—
Second Quarter(1)	290,023	0.68	—	—
Third Quarter	292,567	0.69	—	—
Fourth Quarter	286,912	0.72	—	—
Total	1,126,542	$0.69	—	—
2002				
First Quarter	263,019	$0.68	—	—
Second Quarter	262,470	0.69	—	—
Third Quarter	262,262	0.67	—	—
Fourth Quarter	261,544	0.67	—	—
Total	1,049,295	$0.68	—	—

(1) The table includes the results from the Company's additional 20% interest in the Hawesville facility since its acquisition in April 2003.

(2) The table includes the results from the Company's purchase of the Nordural facility since its acquisition in April 2004.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Net sales. Net sales for the year ended December 31, 2004 increased $278.3 million or 36% to $1,061 million. Higher price realizations for primary aluminum in 2004, due to an improved LME price and Midwest premium for primary aluminum, contributed an additional $155.4 million in sales. Shipment volume increased 191.5 million pounds, primarily associated with the Nordural facility acquisition beginning in late April 2004 and the additional 20% interest in the Hawesville facility beginning in April 2003. Tolling revenues from the Nordural facility acquisition contributed an additional $85.4 million in net sales. The remaining $37.5 million increase was associated with increased direct shipment volumes.

Gross profit. For the year ended December 31, 2004, gross profit improved $128.4 million to $176.5 million. Improved price realizations net of increased alumina costs improved gross profit by $112.6 million with increased shipment volume, primarily a result of the Nordural facility acquisition in April 2004 and the additional 20% interest in the Hawesville facility beginning in April 2003, contributing $36.8 million in additional gross profit. Offsetting these gains were increased power costs due to lower efficiencies and price, $7.7 million; reduced credits to cost of goods sold for lower-of-cost or market adjustments, $5.2 million; raw material quality issues, $4.6 million; and costs associated with the replacement of pot cells and its effect on operational performance, $3.5 million.

Selling, general and administrative expenses. Selling, general and administrative expenses for the year ended December 31, 2004 increased $4.1 million from the same period in 2003. The increase was primarily a result of incentive compensation expense accruals and increased fees associated with Sarbanes Oxley Section 404 compliance work during the year.

Interest expense, net: Interest expense during the year ended December 31, 2004 declined $4.3 million to $39.2 million. The change in interest expense was a direct result of the Company's refinancing activities in the current year.

Net gain/loss on forward contracts. For the year ended December 31, 2004, net loss on forward contracts was $21.5 million as compared to a net gain on forward contracts of $25.7 million for the same period in 2003. The loss and gain reported for the years ended December 31, 2004 and December 31, 2003, respectively, primarily relate to the early termination in 2003 of a fixed price forward sales contract with Glencore and the improved LME price and Midwest premium for primary aluminum in the current period. See "Business – Sales and Distribution — Mt. Holly."

Loss on early extinguishment of debt. For the year ended December 31, 2004, the Company recorded a loss on early extinguishment of debt of $47.4 million for the one-time cost of tendering for the $325.0 million in first mortgage notes.

Tax provision. Income tax expense for the year ended December 31, 2004 increased $12.1 million due to the changes in income before income taxes discussed above.

Equity in earnings of joint venture: Equity in earnings from the Gramercy assets, which were acquired on October 1, 2004, was $0.8 million in the current period.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Net sales. Net sales for the year ended December 31, 2003 increased $71.1 million or 10.0% to $782.5 million. Increased shipment volume of 77.2 million pounds in 2003, primarily associated with the additional 20% interest in the Hawesville facility beginning in April 2003, accounted for $52.4 million of the increase. Higher price realizations for primary aluminum in 2003 due to an improved LME price for primary aluminum contributed an additional $18.8 million in sales.

Gross profit. Gross profit for the year ended December 31, 2003 increased $28.0 million or 139.5% to $48.0 million from $20.1 million for the same period in 2002. Increased shipments, primarily from the additional 20% interest in the Hawesville facility beginning in April 2003, improved gross profit by $5.7 million. The remaining $22.3 million improvement in gross profit was a result of lower depreciation and amortization charges, $5.4 million, primarily due to lower amortization charges related to the intangible asset, see Part II, Item 8, Note 1 to the "Consolidated Financial Statements," reduced charges to cost of goods sold for lower-of-cost or market inventory adjustments, $7.3 million, and improved price realizations net of increased alumina costs, $10.2 million, other net benefits of $1.0 million, partially offset a charge for the excess cost of spot alumina purchases of $1.6 million due to a production curtailment at a supplier's production facility.

Selling, general and administrative expenses. Selling, general and administrative expenses for the year ended December 31, 2003 increased $5.1 million to $20.8 million. The increase was primarily a result of a $3.1 million charge related to an executive resignation in 2003. The remaining increase of $2.0 million was a result of increased incentive compensation associated with improved 2003 financial and operational results.

Interest Expense. Interest expense during the year ended December 31, 2003 increased $3.0 million or 7.4% to $43.8 million. The change in interest expense was primarily a result of related party interest expense of $2.6 million associated with the Glencore Note.

Other Income/Expense. Other Expense for the year ended December 31, 2003 declined by $1.2 million primarily due to a write-off in 2002 of $1.7 million in deferred costs associated with a prospective acquisition.

Net Gain on Forward Contracts. Net Gain on Forward Contracts for the year ended December 31, 2003 was $25.7 million with no gain or loss reported for the same period in 2002. The gain recorded in 2003 primarily relates to the early termination of a fixed price forward sales contract with Glencore. See Part I, Item 1, "Business — Sales and Distribution — Mt. Holly."

Tax Provision/Benefit. Income tax provision increased $17.0 million to $2.8 million from an income tax benefit in 2002. The change in income taxes was a result of a pre-tax gain in 2003 compared to a pre-tax loss in 2002. The 2002 tax benefit was affected by a $1.5 million reduction in estimated income taxes payable relating to the reversal of prior period accruals.

Minority Interest. Minority Interest reflects Glencore's interest in the net operating results of Century Aluminum of Kentucky, LLC (the "LLC"), the limited liability company which holds the power contract for the Hawesville facility. The Minority Interest primarily represented the amortization of the power contract.

Minority Interest for the year ended December 31, 2003 decreased $4.3 million to $1.0 million. The decrease was a result of eliminating the minority interest in April 2003 through Century's acquisition of Glencore's 20% interest in the Hawesville facility.

Cumulative Effect of Change in Accounting Principle. The Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" on January 1, 2003. The cumulative effect of adopting this standard was a one-time, non-cash charge of $5.9 million, net of tax of $3.4 million.

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash flow from operations and available borrowings under the Company's revolving credit facility and Nordural's new term loan facility. The Company's principal uses of cash are operating costs, payments of interest on the Company's outstanding debt, the funding of capital expenditures and investments in related businesses, working capital and other general corporate requirements.

Debt Service

As of December 31, 2004, the Company had $524.1 million of indebtedness outstanding, including $9.9 million of principal under the Company's first mortgage notes, net of unamortized issuance discount, $175.0 million of principal under the Company's convertible notes, $250.0 million of principal under the Company's senior notes, $7.8 million in industrial revenue bonds which were assumed in connection with the Hawesville acquisition, and $81.4 million of debt outstanding at Nordural.

First Mortgage Notes. Interest payments on the Company's first mortgage notes are payable semiannually in arrears beginning on October 15, 2001. Payment obligations under the notes are guaranteed by the Company's domestic restricted subsidiaries and secured by mortgages and security interests in 80% of the real property, plant and equipment comprising the Hawesville facility and 100% of the real property, plant and equipment comprising the Ravenswood facility. The first mortgage notes are due to mature in 2008. In August 2004, the Company completed a tender offer and consent solicitation for the Company's first mortgage notes. In connection with the consent solicitation, the Company entered into a supplemental indenture that eliminated substantially all of the restrictive covenants and certain default provisions contained in the first mortgage notes indenture. The Company purchased approximately $315.1 million in aggregate principal amount of the first mortgage notes validly tendered in the tender offer and not withdrawn. Following the purchase of the first mortgage notes accepted in the tender offer, $9.9 million in aggregate principal amount of the first mortgage notes remain outstanding. See "Management's Discussion and Analysis — Recent Developments — The 2004 Refinancing." The Company has provided the trustee under the indenture notice of its intent to call for redemption all outstanding first mortgage notes on or about April 15, 2005.

Convertible Notes. Interest payments on the Company's convertible notes are payable semiannually in arrears beginning on February 1, 2005. The Company's obligations under the notes are guaranteed by each of the Company's substantial existing and future domestic restricted subsidiaries if and for so long as such subsidiary guarantees the Company's senior notes. The convertible notes are due to mature on August 1, 2024. The convertible notes are convertible at any time at an initial conversion rate of 32.7430 shares of common stock per $1,000 principal amount of notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of the Company's common stock. Upon conversion of a convertible note, the holder will receive cash up to the aggregate principal amount of the notes to be converted, and, at the Company's election, cash, common stock or a combination thereof in respect of the remainder, if any, of the Company's conversion obligation in excess of the principal amount. The convertible notes are redeemable at the Company's option beginning on August 6, 2009. The holders may require the Company to repurchase all or part of their convertible notes on each of August 1, 2011, August 1, 2014 and August 1, 2019. The convertible notes are classified as current because they are convertible at any time.

Senior Notes. Interest payments on the Company's senior notes are payable semiannually in arrears beginning on February 15, 2005. The senior notes are guaranteed by each of the Company's substantial existing and future domestic restricted subsidiaries. The senior notes are due to mature on August 15, 2014. The indenture governing the Company's senior notes contains customary covenants, including limitations on the Company's ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock. The Company agreed to file and cause to become effective a registration statement to exchange the senior notes for new notes in a transaction registered under the Securities Act. On February 11, 2005, the exchange offer registration statement filed by the Company was declared effective. On March 14, 2005, the exchange offer period expired. All of the Company's 7.5% Senior Notes due August 15, 2014 were exchanged in the exchange offer. The terms of the exchange notes are substantially identical to the senior notes, except that the exchange notes are not subject to transfer restrictions.

Revolving Credit Facility. Effective April 1, 2001, the Company entered into a $100.0 million senior secured revolving credit facility with a syndicate of banks. The revolving credit facility will mature on April 2, 2006. The Company's obligations under the revolving credit facility are guaranteed by each of the Company's substantial existing domestic subsidiaries and secured by a first priority security interest in all accounts receivable and inventory belonging to the Company and the Company's subsidiary borrowers. The availability of funds under the revolving credit facility is subject to a $30.0 million reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the revolving credit facility are, at the Company's option, at the LIBOR or the Fleet National Bank base rate plus, in each case, an applicable interest margin. The applicable interest margin ranges from 2.25% to 3.0% over the LIBOR rate and 0.75% to 1.5% over the base rate and is determined by certain financial measurements of us. There were no outstanding borrowings under the revolving credit facility as of December 31, 2004 and December 31, 2003. Interest periods for LIBOR rate borrowings are one, two, three or six months, at the Company's option. The Company measures the Company's borrowing base at month-end. At December 31, 2004, the Company had a borrowing base of $87.9 million under the revolving credit facility. The Company is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments.

Glencore Note Payable. In April 2004, the Company repaid the remaining $14.0 million of outstanding principal on a six-year $40.0 million promissory note payable to Glencore that was issued on April 1, 2003 in connection with the Company's acquisition of the remaining 20% interest in the Hawesville facility. The payment consisted of a $2.0 million required principal payment and an optional $12.0 million prepayment of principal. The Glencore note bore interest at a rate of 10% per annum and was due to mature on April 1, 2009.

Industrial Revenue Bonds. Effective April 1, 2001, as part of the purchase price for the Hawesville acquisition, the Company assumed industrial revenue bonds, or IRBs, in the aggregate principal amount of $7.8 million which were issued in connection with the financing of certain solid waste disposal facilities constructed at the Hawesville facility. From April 1, 2001 through April 1, 2003, Glencore assumed 20% of the liability related to the IRBs consistent with its ownership interest in the Hawesville facility during that period. The IRBs mature on April 1, 2028, and bear interest at a variable rate not to exceed 12% per annum determined weekly based upon prevailing rates for similar bonds in the industrial revenue bond market. Interest on the IRBs is paid quarterly. At December 31, 2004, the interest rate on the IRBs was 2.30%. The IRBs are classified as current liabilities because they are remarketed weekly and, under the indenture governing the IRBs, repayment upon demand could be required if there is a failed remarketing. The IRBs are secured by a Glencore guaranteed letter of credit. The Company has agreed to reimburse Glencore for all costs arising from the letter of credit and have secured the reimbursement obligation with a first priority security interest in the 20% interest in the Hawesville facility. The Company's maximum potential amount of future payments under the reimbursement obligations for the Glencore letter of credit securing the IRBs would be approximately $8.2 million.

Nordural's Term Loan Facility. At December 31, 2004 Nordural had $68.5 million of debt outstanding under its then existing $185 million loan facility. On February 10, 2005, Nordural executed agreements and documents related to a new $365.0 million senior term loan facility arranged by Landsbanki Islands hf. and Kaupthing Bank hf. The new term loan facility closed and funded on February 15, 2005. Amounts borrowed under the new term loan facility refinanced debt under Nordural's former term loan facility, and will be used

to finance a portion of the costs associated with the ongoing expansion of the Nordural facility and for Nordural's general corporate purposes. Amounts borrowed under Nordural's new term loan facility generally will bear interest at a margin over the applicable Eurodollar rate, plus any increased cost of compliance by the lenders with any applicable reserve asset requirements. Nordural's obligations under the new term loan facility have been secured by a pledge of all of Nordural's shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural's assets are pledged as security under the loan facility. Nordural is required to make the following minimum repayments of principal on the facility: $15.5 million on February 28, 2007 and $14.0 million on each of August 31, 2007, February 29, 2008, August 31, 2008, February 28, 2009, August 31, 2009 and February 28, 2010. If Nordural makes a dividend payment (which dividends are not permitted until the Nordural facility has been expanded to a production level of 212,000 metric tons per year), it must simultaneously make a repayment of principal in an amount equal to 50% of the dividend. The new term loan facility is non-recourse to Century Aluminum Company. All outstanding principal must be repaid at final maturity on February 28, 2010.

Nordural's loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2004.

Convertible Preferred Stock

In connection with the Hawesville acquisition, the Company issued $25.0 million of the Company's convertible preferred stock to Glencore. The Company was required to pay dividends on the preferred stock at a rate of 8% per year, which was cumulative (see Item 8 Consolidated financial statements, Note 8). In accordance with accounting guidance, no liability for cumulative preferred dividends was recorded until the dividends were declared. In May 2004, the Company used proceeds from the Company's April 2004 equity offering to pay $3.3 million in dividend arrearages on the Company's convertible preferred stock. Subsequent to the dividend payment in May 2004, Glencore converted the 500,000 shares of the Company's convertible preferred stock it owned into 1,395,089 shares of the Company's common stock, representing a conversion price of $17.92 per share. The conversion was effected in accordance with the terms of the Certificate of Designation for the preferred stock.

Working Capital

The Company had negative working capital of $103.4 million at December 31, 2004, primarily because the convertible notes are classified as current liabilities. Excluding the convertible notes, working capital would have been $71.6 million.

The Company's working capital increased modestly with the acquisition of Nordural in April 2004 and a further proportionate increase is expected as the Nordural expansion comes on line in 2006. With the exception of Nordural, the Company does not anticipate significant changes in working capital. The Company believes that cash flow from operations and borrowing availability under the revolving credit facility will be sufficient to meet working capital needs.

Capital Expenditures

Capital expenditures for 2004 were $75.0 million, $59.8 million of which was related to the expansion project at the Nordural facility, with the balance principally related to upgrading production equipment, maintaining facilities and complying with environmental requirements. The revolving credit facility limits the Company's ability to make capital expenditures at its U.S. reduction facilities; however, the Company believes that the amount permitted will be adequate to maintain its properties and business and comply with environmental requirements. The Company anticipates capital expenditures of approximately $20.0 million in 2005, exclusive of the Nordural expansion. The Nordural expansion will require approximately $320.0 million of capital expenditures in 2005. Through December 31, 2004, the Company had outstanding capital commitments related to the Nordural expansion of $218.8 million. The Company's cost commitments for the Nordural expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the euro and the Icelandic krona. Approximately 64% of the expected project costs for the Nordural expansion are denominated in currencies other than the U.S. dollar, primarily the euro and the krona. As of December 31, 2004, the Company had no hedges to mitigate the Company's foreign currency exposure. See "Management's Discussion and Analysis — Recent Developments — Nordural Acquisition and Expansion."

Acquisitions, Liquidity and Financing

The Company's strategic objectives are to grow the Company's aluminum business by acquiring primary aluminum reduction facilities that offer favorable investment returns and lower the Company's unit production costs, to diversify the Company's geographic presence, and to pursue opportunities in bauxite mining and alumina refining. The Company anticipates that operating cash flow, together with borrowings under the revolving credit facility and the Nordural term loan facility, will be sufficient to meet its future debt service obligations as they become due, as well as working capital and capital expenditures requirements. The Company's ability to meet its liquidity needs, including any and all of its debt service obligations, will depend upon the Company's future operating performance, which will be affected by general economic, financial, competitive, regulatory, business and other factors, many of which are beyond the Company's control. The Company will continue from time to time to explore additional financing methods and other means to lower its cost of capital, including stock issuances or debt financing and the application of the proceeds to the repayment of bank debt or other indebtedness.

Historical

The Company's Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002 are summarized below:

	2004	2003	2002
	(Dollars in thousands)		
Net cash provided by operating activities	$ 105,828	$ 87,379	$ 54,486
Net cash used in investing activities	(275,286)	(78,695)	(18,196)
Net cash (used in) provided by financing activities	185,422	(25,572)	(4,586)
Increase (decrease) in cash	$ 15,964	$(16,888)	$ 31,704

Net cash from operating activities of $105.8 million in 2004 was $18.4 million higher than the same period in 2003. Exclusive of the $35.5 million settlement received in 2003 from the termination of the Original Sales Contract and entering into the New Sales Contract with Glencore for the years 2005 through 2009 and the $50.3 million cash payment in 2004 for the tender premium plus accrued interest for the refinancing of the Company's first mortgage notes, net cash from operating activities increased $104.2 million in 2004. This increase was a direct result of improved price realizations and the added margin contributions from the Nordural facility which was acquired in April 2004.

Net cash from operating activities in 2003 increased $32.9 million to $87.4 million from the 2002 level. The increase in 2003 was primarily the result of the $35.5 million first quarter termination and settlement of the Original Sales Contract as discussed in Part I, Item 1, "Business — Sales and Distribution." Gross profit associated with increased shipments of 77.2 million pounds, mainly the result of the April 1, 2003 acquisition of the 20% interest in the Hawesville facility, improved cash provided from operating activities by an additional $5.6 million. Reduced tax refunds of $8.1 million and increased cash payments for interest of $2.0 million, primarily associated with the Glencore Note, partially offset the favorable change in cash from operating activities discussed above.

The Company's net cash used in investing activities in 2004 was $275.3 million, an increase of $196.6 million from 2003. The net acquisition cost of the Nordural facility in April 2004 and the Gramercy assets in October 2004 was $198.6 million as compared to the net acquisition cost for the additional 20% interest in the Hawesville facility in April 2003 of $59.8 million. Purchases of property, plant and equipment,

including the Nordural expansion costs, were $75.0 million in 2004 as compared to the 2003 purchases of property, plant and equipment of $18.9 million.

The Company's net cash used in investing activities was $78.7 million in 2003, consisting of $59.8 million for the acquisition of the 20% interest in the Hawesville facility and $18.9 million of capital expenditures. The use of cash for investing activities in 2002 consisted primarily of capital expenditures.

Net cash provided by financing activities during 2004 was $185.4 million, an increase of $211.0 million from the previous year. The increase was primarily due to the issuance of $425.9 million of debt, and the issuance of $215.8 million of common stock. This increase was partially offset by debt repayments of $439.9 million, consisting of payments of $315.1 million for the first mortgage notes tendered in a debt refinancing, $106.9 million for the Nordural term loan facility, the $14.0 million repayment of Glencore note debt, and $3.9 million for other miscellaneous debt payments. Additionally, the Company paid $13.1 million of financing fees for the debt issued in the fourth quarter of 2004 and $3.3 million payment of accrued preferred dividends in the second quarter of 2004.

Net cash used in financing activities in 2003 was a result of paying $26.0 million on the Glencore Note. The cash used for financing activities in 2002 related primarily to common and preferred stock dividend payments made during the year.

The Company believes that cash flow from operations, its unused revolving credit facility, and Nordural's new term loan facility will provide sufficient liquidity to meet working capital needs, fund capital improvements and the planned expansion at Nordural, and provide for the debt service requirements.

Contractual Obligations

In the normal course of business, the Company has entered into various contractual obligations that will be settled in cash. These obligations consist primarily of long-term debt obligations and purchase obligations. The expected future cash flows required to meet these obligations are shown in the table below. The purchase obligations consist of long-term supply contracts for alumina and electrical power. The Other long-term liabilities include pension, SERB, other postretirement benefits, workers' compensation liabilities, asset retirement obligations and estimated deferred tax payments. More information is available on these contractual obligations in Part II, Item 8, "Consolidated Financial Statements."

	Payments Due by Period				
	Total	< 1 Year	1-3 Years	3-5 Years	> 5 Years
	(Dollars in millions)				
Debt(1)(2)	$ 889.1	$ 79.1	$ 31.2	$ 57.8	$ 721.0
Estimated interest payments(2)	323.0	16.7	90.0	88.2	128.1
Operating lease obligations	2.2	0.4	0.7	0.7	0.4
Purchase obligations(3)	1,224.2	354.3	418.1	276.9	174.9
Other long-term liabilities(4)	233.7	14.9	31.0	34.0	153.8
Total	$2,672.2	$465.4	$571.0	$457.6	$1,178.2

(1) Debt includes principal repayments on the 11.75% senior secured first mortgage notes, 7.5% senior notes due 2014, 1.75% convertible senior notes due 2024, the IRBs and the Nordural debt.

(2) Estimated interest payments on the Company's long-term debt are based on several assumptions, including the borrowing under the new term loan facility for the Nordural expansion project and assumptions for the interest rates for the Company's variable rate debt. The Company expects to borrow an additional $293.0 million under the new term loan facility through mid-2006. The Company's variable rate debt is based primarily on the Eurodollar rate plus an applicable margin. The Company assumes that the Eurodollar rate will be 2.50% in 2005 increasing to 5.00% in 2008 and remaining steady thereafter. The IRBs' interest rate is variable and the Company estimated future payments based on a rate of 2.30%. In addition, the Company assumes the 11.75% senior secured first mortgage notes will be called in April

2005 and the 7.5% senior notes due 2014 and 1.75% convertible senior notes due 2024 will remain outstanding until their respective due dates.

(3) Purchase obligations include long-term alumina, electrical power, anode contracts and the Nordural expansion project commitments. Nordural's power contracts and domestic alumina contracts, except for Century Kentucky, are priced as a percentage of the LME price of primary aluminum. The Company assumed an LME price of $1,750 per metric ton for 2005, $1,695 per metric ton for 2006, $1,638 per metric ton for 2007 and $1,550 per metric ton thereafter for purposes of calculating expected future cash flows for these contracts. Century Kentucky's long-term alumina contract has variable cost-based pricing. The Company used cost forecasts provided by the supplier to calculate the expected future cash flows for this contract. The Nordural anode contract and some Nordural expansion contract commitments are denominated in euros. The Company assumed a $1.20/Euro conversion rate to estimate the obligations under these contracts.

(4) Other long-term liabilities include the Company's expected pension contributions, OPEB and SERB benefit payments, workers' compensation benefit payments, estimated deferred tax payments and asset retirement obligations. Expected benefit payments for the SERB and OPEB plans, which are unfunded, are included for 2005 through 2014. The Company's estimated contributions to the pension plans are included for 2005. Estimated contributions for 2006 and beyond are not included in the table because these estimates would be heavily dependent upon assumptions about future events, including among other things, future regulatory changes, changes to tax laws, future interest rates levels and future return on plan assets. Asset retirement obligations consist primarily of disposal costs for spent potliner, the amount and timing of these costs are estimated based on the number of the Company's operating pots and their expected pot life.

Environmental Expenditures and Other Contingencies

The Company has incurred and in the future will continue to incur capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance. The aggregate environmental related accrued liabilities were $0.6 million and $0.7 million at December 31, 2004 and December 31, 2003, respectively. The Company believes that compliance with current environmental laws and regulations is not likely to have a material adverse effect on the Company's financial condition, results of operations or liquidity; however, environmental laws and regulations may change, and the Company may become subject to more stringent environmental laws and regulations in the future.

The Company has planned environmental capital expenditures of approximately $0.6 million for 2005, $1.3 million for 2006 and $0.4 million for 2007. In addition, the Company expects to incur operating expenses relating to environmental matters of approximately $9.9 million, $10.7 million, and $11.0 million in 2005, 2006 and 2007, respectively. These amounts do not include any projected capital expenditures or operating expenses for the Company's joint venture interest in the Gramercy assets, which have not yet been determined. See Part I, Item 1 "Environmental Matters." As part of the Company's general capital expenditure plan, it also expects to incur capital expenditures for other capital projects that may, in addition to improving operations, reduce certain environmental impacts. See Part I, Item 1 "Environmental Matters."

The Company's income tax returns are periodically examined by various tax authorities. The Company is currently under audit by the Internal Revenue Service ("IRS") for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. The Company is reviewing the issues raised by the IRS and plans to contest the proposed tax deficiencies. The Company believes that its tax position is well-supported and, based on current information, does not believe that the outcome of the tax audit will have a material impact on the Company's financial condition or results of operations.

The Company is a defendant in several actions relating to various aspects of its business. While it is impossible to predict the ultimate disposition of any litigation, the Company does not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or liquidity. See Item 3, "Legal Proceedings."

New Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), "Share Based Payment." This Statement is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." This statement focuses primarily on accounting for transactions in which a company obtains employee services in share-based payment transactions. This Statement will require the Company to recognize the grant date fair value of an award of equity-based instruments to employees and the cost will be recognized over the period in which the employees are required to provide service. The Statement is effective for the first interim period beginning after June 15, 2005. The Company is currently assessing the Statement and does not expect the impact of adopting SFAS No. 123(R) to have a material effect on the Company's financial position and results of operations.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs." This Statement amends the guidance in Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing" to clarify the accounting treatment for certain inventory costs. In addition, the Statement requires that the allocation of production overheads be based on the facilities' normal production capacity. This Statement is effective for financial statements issued for fiscal years beginning after June 15, 2005. The Company is currently assessing the Statement and has not yet determined the impact of adopting SFAS No. 151 on the Company's financial position and results of operations.

On December 8, 2003, the "Medicare Prescription Drug Improvement and Modernization Act of 2003," or the Medicare Act, was signed into law. The Medicare Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least "actuarially equivalent" to Medicare Part D.

In the second quarter of 2004, an FASB Staff Position (FSP FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003") was issued providing guidance on the accounting for the effects of the Medicare Act for employers that sponsor postretirement health care plans that provide prescription drug benefits. This FSP superseded FSP FAS 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003." The FSP is effective for the first interim or annual period beginning after June 15, 2004.

The guidance in this FSP applies only to the sponsor of a single-employer defined benefit postretirement health plan for which the employer has concluded that prescription drug benefits available under the plan are actuarially equivalent and thus qualify for the subsidy under the Medicare Act and the expected subsidy will offset or reduce the employer's share of the costs of postretirement prescription drug coverage provided by the plan. The Company determined that the Company's plans were actuarially equivalent and elected to adopt the provisions of FSP FAS 106-2 in the third quarter of 2004 on a prospective basis only. The Company compared the Medicare Part D plan to its retiree prescription drug coverage using actuarial equivalencies and reflecting the retiree premiums and cost sharing provisions of the various plans. This analysis showed the Company's plans provide more valuable benefits to retirees than the Medicare Part D plan. Based on the Company's understanding of the intent of the Medicare Act and subsequent proposed regulations, the Company still believes the Company's plans will meet the actuarial equivalence requirements necessary to receive the Medicare reimbursement.

For retirees with post-65 prescription drug benefits, the Company estimates the net effect on post-65 per capita medical and prescription drug costs to be a reduction of approximately 11% to 14% due to the Medicare reimbursement. The changes are assumed to have no impact on future participation rates in the Company's post-65 prescription drug programs.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Commodity Prices

The Company is exposed to the price of primary aluminum. The Company manages its exposure to fluctuations in the price of primary aluminum by selling aluminum at fixed prices for future delivery and through financial instruments as well as by purchasing alumina under supply contracts with prices tied to the same indices as the Company's aluminum sales contracts. See Part II, Item 7, "Management's Discussion and Analysis — Key Long-Term Supply Agreements." The Company's risk management activities do not include trading or speculative transactions.

Apart from the contracts described under "Key Long-Term Primary Aluminum Sales Contracts," the Company had forward delivery contracts to sell 196.7 million pounds and 351.8 million pounds of primary aluminum at December 31, 2004 and December 31, 2003, respectively. Of these forward delivery contracts, the Company had fixed price commitments to sell 13.6 million pounds and 70.5 million pounds of primary aluminum at December 31, 2004 and December 31, 2003, respectively, of which, none at December 31, 2004 and 53.5 million pounds at December 31, 2003, were with Glencore.

At December 31, 2004 and December 31, 2003, the Company had fixed price financial sales contracts, primarily with Glencore, for 1,686.4 million pounds and 102.9 million pounds of primary aluminum, respectively, of which 1,023.7 million pounds and 58.8 million pounds, respectively, were designated cash flow hedges. Certain of these sales contracts contain clauses that trigger additional shipment volume when the market price for a period is above the contract ceiling price for that period. These contracts are evaluated monthly and the maximum additional shipment volume over the life of the contract would be 662.7 million pounds, if the market price exceeded the ceiling price for all months during the term of the contract. These fixed price financial sales contracts are scheduled for settlement at various dates in 2005 through 2010. The Company had no fixed price financial purchase contracts to purchase aluminum at December 31, 2004 or December 31, 2003.

Fixed Price Financial Sales Contracts at December 31, 2004: Primary Aluminum

	(Millions of pounds)
2005	425.7
2006	370.3
2007	374.6
2008	185.2
2009	165.3
2010	165.3
Total	1,686.4

Additionally, to mitigate the volatility of the natural gas markets, the Company enters into fixed price financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Fixed Price Financial Purchase Contracts at December 31, 2004: Natural Gas

	(Thousands of DTH)
2005	2,880
2006	480
2007	480
2008	480
Total	4,320

At December 31, 2004 and December 31, 2003, the Company had fixed price financial purchase contracts for 4.3 million and 2.7 million DTH (one decatherm is equivalent to one million British Thermal Units), respectively. These financial instruments are scheduled for settlement at various dates in 2005 through 2008.

On a hypothetical basis, a $0.01 per pound increase or decrease in the market price of primary aluminum is estimated to have an unfavorable or favorable impact of $6.5 million after tax on accumulated other comprehensive income for the contracts designated as cash flow hedges, and $4.2 million on net income, for the contracts designated as derivatives, for the year ended December 31, 2004 as a result of the forward primary aluminum financial sales contracts outstanding at December 31, 2004.

On a hypothetical basis, a $0.50 per DTH decrease or increase in the market price of natural gas is estimated to have an unfavorable or favorable impact of $1.4 million after tax on accumulated other comprehensive income for the year ended December 31, 2004 as a result of the forward natural gas financial purchase contracts outstanding at December 31, 2004.

The Company's metals and natural gas risk management activities are subject to the control and direction of senior management. The metals related activities are regularly reported to the Company's board of directors.

This quantification of the Company's exposure to the commodity price of aluminum is necessarily limited, as it does not take into consideration the Company's inventory or forward delivery contracts, or the offsetting impact on the sales price of primary aluminum products. Because all of the Company's alumina contracts, except the GAL Alumina contract for the Hawesville facility, are indexed to the LME price for aluminum, beginning in 2002, they act as a natural hedge for approximately 12% of the Company's production. As of December 31, 2004, approximately 49% and 43% of the Company's production for the years 2005 and 2006, respectively, was either hedged by the alumina contracts, Nordural electrical power and tolling contracts, and/or by fixed price forward delivery and financial sales contracts.

Nordural. Substantially all of Nordural's revenues are derived from the Billiton Tolling Agreement whereby it converts alumina provided to it into primary aluminum for a fee based on the LME price for primary aluminum. Nordural's revenues are subject to the risk of decreases in the market price of primary aluminum; however, Nordural is not exposed to increases in the price for alumina, the principal raw material used in the production of primary aluminum. In addition, under its current power contract, Nordural purchases power at a rate which is a percentage of the LME price for primary aluminum, providing Nordural with a natural hedge against downswings in the market for primary aluminum.

Nordural is exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the euro and the Icelandic krona. Under its Billiton Tolling Agreement and power contracts, Nordural's revenues and power costs are based on the LME price for primary aluminum, which is denominated in U.S. dollars. There is no currency risk associated with these contracts. Nordural's labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Nordural's operating margins.

Interest Rates

Interest Rate Risk. The Company's primary debt obligations are the outstanding senior notes, convertible notes, first mortgage notes, the Nordural debt, borrowings under the revolving credit facility, if any, and the IRBs. Because the senior notes, convertible notes and first mortgage notes bear a fixed rate of interest, changes in interest rates do not subject the Company to changes in future interest expense with respect to these borrowings. Borrowings under the revolving credit facility, if any, are at variable rates at a margin over LIBOR or the Fleet National Bank base rate, as defined in the revolving credit facility. The IRBs bear interest at variable rates determined by reference to the interest rate of similar instruments in the industrial revenue bond market. At December 31, 2004, Nordural had approximately $75.7 million of long-term debt consisting primarily of obligations under its then existing term loan facility. Borrowings under Nordural's term loan facility in place as of December 31, 2004 bore interest at a margin over the applicable LIBOR rate. On February 10, 2005, the Company executed agreements and documents related to a new $365.0 million senior term loan facility arranged by Landsbanki Islands hf. and Kaupthing Bank hf. The new term loan facility closed and funded on February 15, 2005, at which time a portion of the proceeds of the new facility were used to refinance the prior loan facility. See Item 7 "Management's Discussion and Analysis — Recent Developments — Nordural's New Term Loan Facility." Borrowings under Nordural's new term loan facility bear interest at a margin over the applicable Eurodollar rate.

At December 31, 2004, the Company had $76.3 million of variable rate borrowings. A hypothetical one percentage point increase in the interest rate would increase the Company's annual interest expense by $0.8 million, assuming no debt reduction.

The Company's primary financial instruments are cash and short-term investments, including cash in bank accounts and other highly rated liquid money market investments and government securities.

Item 8. ***Financial Statements and Supplementary Data***

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited the accompanying consolidated balance sheets of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Century Aluminum Company and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

As discussed in Note 14 to the consolidated financial statements, on January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
March 11, 2005

CENTURY ALUMINUM COMPANY

CONSOLIDATED BALANCE SHEETS

	December 31, 2004	December 31, 2003
	(Dollars in thousands, except share data)	
ASSETS		
ASSETS:		
Cash and cash equivalents	$ 44,168	$ 28,204
Restricted cash	1,678	—
Accounts receivable — net	79,576	51,370
Due from affiliates	14,371	10,957
Inventories	108,555	89,360
Prepaid and other current assets	10,055	4,101
Deferred taxes — current portion	25,688	3,413
Total current assets	284,091	187,405
Property, plant and equipment — net	806,250	494,957
Intangible asset — net	86,809	99,136
Goodwill	95,610	—
Other assets	58,110	28,828
TOTAL	$1,330,870	$810,326
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 47,479	$ 34,829
Due to affiliates	84,815	27,139
Industrial revenue bonds	7,815	7,815
Accrued and other current liabilities	53,309	30,154
Accrued employee benefits costs — current portion	8,458	8,934
Convertible senior notes	175,000	—
Long term debt — current portion	10,582	—
Total current liabilities	387,458	108,871
Senior secured notes payable — less current portion	—	322,310
Senior unsecured notes payable — net	250,000	—
Nordural debt	80,711	—
Notes payable — affiliates	—	14,000
Accrued pension benefits costs — less current portion	10,685	10,764
Accrued postretirement benefits costs — less current portion	85,549	78,218
Due to affiliates — less current portion	30,416	—
Other liabilities	34,961	33,372
Deferred taxes	68,273	55,094
Total noncurrent liabilities	560,595	513,758
CONTINGENCIES AND COMMITMENTS (NOTE 12)		
SHAREHOLDERS' EQUITY:		
Convertible preferred stock (8% cumulative, 500,000 shares outstanding at December 31, 2003)	—	25,000
Common stock (one cent par value, 50,000,000 shares authorized; 32,038,797 and 21,130,839 shares issued and outstanding at December 31, 2004 and 2003, respectively)	320	211
Additional paid-in capital	415,453	173,138
Accumulated other comprehensive loss	(52,186)	(5,222)
Retained earnings (accumulated deficit)	19,230	(5,430)
Total shareholders' equity	382,817	187,697
TOTAL	$1,330,870	$810,326

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2004	2003	2002
	(In thousands, except per share amounts)		
NET SALES:			
Third-party customers	$ 897,538	$660,593	$603,744
Related parties	163,209	121,886	107,594
	1,060,747	782,479	711,338
Cost of goods sold	884,273	734,441	691,277
Gross profit	176,474	48,038	20,061
Selling, general and administrative expenses	24,916	20,833	15,783
Operating income	151,558	27,205	4,278
Interest expense — third party	(39,946)	(41,269)	(40,813)
Interest expense — related party	(380)	(2,579)	—
Interest income	1,086	339	392
Net gain (loss) on forward contracts	(21,521)	25,691	—
Loss on early extinguishment of debt	(47,448)	—	—
Other income (expense) — net	(1,305)	(688)	(1,843)
Income (loss) before income taxes, minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	42,044	8,699	(37,986)
Income tax benefit (expense)	(14,894)	(2,841)	14,126
Income (loss) before minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	27,150	5,858	(23,860)
Minority interest	—	986	5,252
Equity in earnings of joint venture	821	—	—
Income (loss) before cumulative effect of change in accounting principle	27,971	6,844	(18,608)
Cumulative effect of change in accounting principle, net of tax benefit of $3,430	—	(5,878)	—
Net income (loss)	27,971	966	(18,608)
Preferred dividends	(769)	(2,000)	(2,000)
Net income (loss) applicable to common shareholders	$ 27,202	$ (1,034)	$(20,608)
EARNINGS (LOSS) PER COMMON SHARE:			
Basic:			
Income (loss) before cumulative effect of change in accounting principle	$ 0.95	$ 0.23	$ (1.00)
Cumulative effect of change in accounting principle	—	(0.28)	—
Net income (loss)	$ 0.95	$ (0.05)	$ (1.00)
Diluted:			
Income (loss) before cumulative effect of change in accounting principle	$ 0.95	$ 0.23	$ (1.00)
Cumulative effect of change in accounting principle	—	(0.28)	—
Net income (loss)	$ 0.95	$ (0.05)	$ (1.00)
DIVIDENDS PER COMMON SHARE	$ 0.00	$ 0.00	$ 0.15

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Comprehensive Income (Loss)	Convertible Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
	(Dollars in thousands)						
Balance, January 1, 2002		$ 25,000	$205	$168,414	$ 6,752	$ 16,814	$217,185
Comprehensive income (loss) — 2002							
Net loss — 2002	$(18,608)					(18,608)	(18,608)
Other comprehensive income (loss):							
Net unrealized gain on financial instruments, net of $2,752 in tax	4,803						
Net amount reclassified to income, net of $1,624 in tax	(2,944)						
Minimum pension liability adjustment, net of $4,183 in tax	(7,438)						
Other comprehensive loss	(5,579)				(5,579)		(5,579)
Total comprehensive loss	$(24,187)						
Dividends —							
Common, $0.15 per share						(3,091)	(3,091)
Preferred, $3 per share						(1,500)	(1,500)
Issuance of common stock — compensation plans			1	544			545
Issuance of common stock — pension plans			5	3,175			3,180
Balance, December 31, 2002		$ 25,000	$211	$172,133	$ 1,173	$ (6,385)	$192,132
Comprehensive income (loss) — 2003							
Net income — 2003	$ 966					966	966
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $2,171 in tax	(3,940)						
Net amount reclassified to income, net of $3,531 in tax	(6,262)						
Minimum pension liability adjustment, net of $1,371 in tax	3,807						
Other comprehensive loss	(6,395)				(6,395)		(6,395)
Total comprehensive loss	$ (5,429)						
Dividends on common stock						(11)	(11)
Issuance of common stock — compensation plans				1,005			1,005
Balance, December 31, 2003		$ 25,000	$211	$173,138	$ (5,222)	$ (5,430)	$187,697
Comprehensive income (loss) — 2004							
Net income — 2004	$ 27,971					27,971	27,971
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $29,380 in tax	(51,554)						
Net amount reclassified to income, net of $(2,196) in tax	3,950						
Minimum pension liability adjustment, net of $360 in tax	640						
Other comprehensive loss	(46,964)				(46,964)		(46,964)
Total comprehensive loss	$(18,993)						
Dividends on common stock						(42)	(42)
Dividends on preferred stock						(3,269)	(3,269)
Preferred stock conversion		(25,000)	14	24,986			
Issuance of common stock — equity offering			90	208,121			208,211
Issuance of common stock — compensation plans			5	9,208			9,213
Balance, December 31, 2004		$	$320	$415,453	$(52,186)	$ 19,230	$382,817

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2004	2003	2002
	(Dollars in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 27,971	$ 966	$(18,608)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Unrealized net loss on forward contracts	2,405	6,325	—
Depreciation and amortization	50,254	51,264	56,655
Deferred income taxes	6,623	8,892	4,965
Pension and other post retirement benefits	8,040	10,986	10,415
Workers' compensation	820	1,426	1,619
Inventory market adjustment	(2,273)	(7,522)	(247)
Loss on disposal of assets	761	1,040	252
Non-cash loss on early extinguishment of debt	9,659	—	—
Minority interest	—	(986)	(5,252)
Cumulative effect of change in accounting principle	—	9,308	—
Change in operating assets and liabilities:			
Accounts receivable — net	(19,440)	(5,130)	2,125
Due from affiliates	(3,623)	(2,155)	2,918
Inventories	(4,937)	(2,762)	(1,671)
Prepaids and other assets	(3,590)	(261)	(1,838)
Accounts payable, trade	2,602	(2,928)	(4,637)
Due to affiliates	16,179	3,660	10,142
Accrued and other current liabilities	15,507	2,211	(3,447)
Other — net	(1,130)	13,045	1,095
Net cash provided by operating activities	105,828	87,379	54,486
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(15,240)	(18,858)	(18,427)
Nordural expansion	(59,784)	—	—
Proceeds from sale of property, plant and equipment	—	—	231
Business acquisitions, net of cash acquired	(198,584)	(59,837)	—
Restricted cash deposits	(1,678)	—	—
Net cash used in investing activities	(275,286)	(78,695)	(18,196)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings	425,883	—	—
Repayment of debt — third party	(425,881)	—	—
Repayment of debt — related party	(14,000)	(26,000)	—
Financing fees	(13,062)	(297)	—
Issuance of common stock	215,793	736	5
Dividends	(3,311)	(11)	(4,591)
Net cash provided (used in) by financing activities	185,422	(25,572)	(4,586)
INCREASE (DECREASE) IN CASH	15,964	(16,888)	31,704
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,204	45,092	13,388
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 44,168	$ 28,204	$ 45,092

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2004, 2003 and 2002
(Dollars in Thousands except Per Share Amounts)

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation — Century Aluminum Company ("Century" or the "Company") is a holding company, whose principal subsidiaries are Century Aluminum of West Virginia, Inc. ("Century of West Virginia"), Berkeley Aluminum, Inc. ("Berkeley"), Century Kentucky, Inc. ("Century Kentucky") and Nordural ehf ("Nordural"). Century of West Virginia operates a primary aluminum reduction facility in Ravenswood, West Virginia (the "Ravenswood facility"). Berkeley holds a 49.7% interest in a partnership which operates a primary aluminum reduction facility in Mt. Holly, South Carolina (the "Mt. Holly facility") and a 49.7% undivided interest in the property, plant, and equipment comprising the Mt. Holly facility. The remaining interest in the partnership and the remaining undivided interest in the Mt. Holly facility are owned by Alumax of South Carolina, Inc., a subsidiary of Alcoa ("ASC"). ASC manages and operates the Mt. Holly facility pursuant to an Owners Agreement, prohibiting the disposal of the interest held by any of the owners without the consent of the other owners and providing for certain rights of first refusal. Pursuant to the Owners Agreement, each owner furnishes its own alumina, for conversion to aluminum, and is responsible for its pro rata share of the operating and conversion costs.

Prior to April 1996, the Company was an indirect, wholly-owned subsidiary of Glencore International AG ("Glencore" and, together with its subsidiaries, the "Glencore Group"). In April 1996, the Company completed an initial public offering of its common stock. At December 31, 2004, Glencore owned 29.1% of Century's common stock outstanding. Century and Glencore enter into various transactions such as the purchase and sale of primary aluminum, alumina and forward primary aluminum financial sales contracts.

The Company's historical results of operations included in the accompanying consolidated financial statements may not be indicative of the results of operations to be expected in the future.

Principles of Consolidation — The consolidated financial statements include the accounts of Century Aluminum Company and its subsidiaries, after elimination of all significant intercompany transactions and accounts. Berkeley's interest in the Mt. Holly partnership and the Company's interest in the Gramercy and St. Ann Bauxite joint ventures, see Note 2, are accounted for under the equity method. There are no material undistributed earnings in the Mt. Holly partnership or the Gramercy and St. Ann Bauxite joint ventures.

Prior to the acquisition of the 20% interest in the Hawesville facility on April 1, 2003, discussed in Note 2, the Company had recorded the Hawesville property, plant and equipment that it owned directly (potlines one through four) on a 100% basis and had recorded its 80% undivided interest in the remaining property, plant and equipment (excluding the fifth potline which was owned directly by Glencore) on a proportionate basis. In each case its interest in the property, plant and equipment including the related depreciation, was recorded in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-01, "Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures." The Company consolidated the assets and liabilities and related results of operations of the Century Aluminum of Kentucky, LLC (the "LLC") and reflected Glencore's 20% interest in the LLC as a minority interest.

Revenue — Revenue is recognized when title and risk of loss pass to customers in accordance with contract terms. In some instances, the Company invoices customers prior to physical shipment of goods. In such instances, revenue is recognized only when the customer has specifically requested such treatment and has made a fixed commitment to purchase the product. The goods must be complete, ready for shipment and physically separated from other inventory with risk of ownership passing to the customer. The Company must retain no performance obligations and a delivery schedule must be obtained. Sales returns and allowances are treated as a reduction of sales and are provided for based on historical experience and current estimates.

Cash and Cash Equivalents — Cash equivalents are comprised of cash and short-term investments having maturities of less than 90 days at the time of purchase. The carrying amount of cash equivalents approximates fair value.

Accounts Receivable — The accounts receivable are net of an allowance for uncollectible accounts of $1,020 and $3,968 at December 31, 2004 and 2003, respectively.

Inventories — The majority of the Company's inventories, including alumina and aluminum inventories, are stated at the lower of cost (using the last-in, first-out (''LIFO'') method) or market. Inventories at Nordural are stated at the lower of first in, first out (''FIFO'') cost or market. The remaining inventories (principally supplies) are valued at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment is stated at cost. Additions, renewals and improvements are capitalized. Asset and accumulated depreciation accounts are relieved for dispositions with resulting gains or losses included in earnings. Maintenance and repairs are expensed as incurred. Depreciation of plant and equipment is provided for by the straight-line method over the following estimated useful lives:

Buildings and improvements	14 to 45 years
Machinery and equipment	5 to 22 years

The Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a separately identifiable, long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Intangible Asset — The intangible asset consists of the power contract acquired in connection with the Hawesville acquisition. The contract value is being amortized over its term (ten years) using a method that results in annual amortization equal to the percentage of a given year's expected gross annual benefit to the total as applied to the total recorded value of the power contract. As part of the acquisition of the 20% interest in the Hawesville facility on April 1, 2003, the 20% portion of the power contract that was indirectly owned by Glencore was revalued in accordance with Statement of Financial Accounting Standards (''SFAS'') No. 141, ''Business Combinations.'' As a result, the gross carrying amount of the contract and the accumulated amortization, both related to the 20% portion of the contract indirectly owned by Glencore, were removed and the fair value of the 20% of the power contract acquired on April 1, 2003 was recorded. As of December 31, 2004 and 2003, the gross carrying amount of the intangible asset was $153,592 and accumulated amortization totaled $66,783 and $54,456, respectively. For the years ended December 31, 2004, 2003 and 2002 amortization expense totaled $12,327, $18,680 and $26,258, respectively. The estimated intangible asset amortization expense for the next five years is as follows:

	For the Year Ending December 31,				
	2005	2006	2007	2008	2009
Estimated Amortization Expense	$14,162	$12,695	$13,617	$14,669	$15,717

The intangible asset is reviewed for impairment in accordance with SFAS No. 142, ''Goodwill and Other Intangible Assets,'' whenever events or circumstances indicate that its net carrying amount may not be recoverable.

Other Assets — At December 31, 2004 and 2003, other assets consist primarily of the Company's investment in the Mt. Holly partnership, the investment in the Gramercy and St. Ann Bauxite joint venture, deferred financing costs, deferred pension assets, and intangible pension assets. The Company's equity share of

the undistributed earnings (loss) increases (decreases) the investment in the joint venture. Deferred financing costs are amortized on a straight-line basis over the life of the related financing. In 2004 and 2003, the Company recorded an additional minimum liability related to employee pension plan obligations as required under SFAS No. 87.

The Company accounts for its 49.7% interest in the Mt. Holly partnership using the equity method of accounting. Additionally, the Company's 49.7% undivided interest in certain property, plant and equipment of the Mt. Holly facility is held outside of the partnership, and the undivided interest in these assets of the facility is accounted for in accordance with the EITF Issue No. 00-01, ''Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures.'' Accordingly, the undivided interest in these assets and the related depreciation are being accounted for on a proportionate gross basis.

Income Taxes — The Company accounts for income taxes using the liability method, whereby deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In evaluating the Company's ability to realize deferred tax assets, the Company uses judgment in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. Based on the weight of evidence, both negative and positive, if it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is established.

Tax reserves have been established which the Company believes to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves.

Postemployment Benefits — The Company provides certain postemployment benefits to former and inactive employees and their dependents during the period following employment, but before retirement. These benefits include salary continuance, supplemental unemployment and disability healthcare. Postemployment benefits are accounted for in accordance with SFAS No. 112, ''Employers' Accounting for Postemployment Benefits.'' The statement requires recognition of the estimated future cost of providing postemployment benefits on an accrual basis over the active service life of the employee.

Forward Contracts and Financial Instruments — The Company routinely enters into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods. The Company also enters into fixed price financial sales contracts to be settled in cash to manage the Company's exposure to changing primary aluminum prices. The Company has also entered into financial purchase contracts for natural gas to be settled in cash to manage the Company's exposure to changing natural gas prices.

All aluminum-based financial and physical delivery contracts are marked-to-market using the LME spot and forward market for primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for management to estimate the U.S. Midwest premium. The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have a significant impact on gains and losses included in the Company's financial statements from period to period.

Certain financial sales contracts for primary aluminum and all financial purchase contracts for natural gas have been designated as cash flow hedges in accordance with the provisions of SFAS No. 133 (as amended). The Company assesses the effectiveness of these cash flow hedges quarterly. To the extent such cash flow hedges are effective, unrealized gains and losses on the financial sales contracts are deferred in the balance sheet as accumulated other comprehensive income until the hedged transaction occurs when the realized gain or loss is recognized as revenue in the Statement of Operations. Any ineffective portion of the gain or loss is reported in earnings immediately. Mark-to-market gains and losses are recorded in net gain (loss) on forward contracts in the period delivery is no longer deemed probable.

The aluminum-based financial and physical delivery contracts that are derivatives, as provided for in current accounting standards, are marked-to-market monthly. Fluctuations in the LME price of primary aluminum have a significant impact on gains and losses included in the Company's financial statements from period to period. Unrealized gains and losses are included in net gain (loss) on forward contracts.

The effectiveness of the Company's hedges is measured by a historical and probable future high correlation of changes in the fair value of the hedging instruments with changes in value of the hedged item. If high correlation ceases to exist, then gains or losses will be recorded in net gain (loss) on forward contracts. To date, high correlation has always been achieved. During 2004 and 2003, the Company did not recognize any gains or losses for ineffective portions of hedging instruments. As of December 31, 2004 and 2003, the Company had deferred losses of $49,113 and 1,591, respectively, on its hedges, net of tax.

Financial Instruments — The Company's financial instruments (principally receivables, payables, debt related to the Industrial Revenue Bonds (the "IRBs") and forward financial contracts) are carried at amounts that approximate fair value. At December 31, 2004, the Company's 7.5% Senior Unsecured Notes due 2014 and 1.75% Convertible Senior Notes due 2024 had carrying amounts of $250,000 and $175,000, respectively. At December 31, 2004, the estimated fair value of the 7.5% Senior Unsecured Notes due 2014 and 1.75% Convertible Senior Notes due 2024 are $266,250 and 192,171, respectively. The Company has provided the trustee under the indenture notice of its intent to call for redemption all outstanding first mortgage notes on or about April 15, 2005 at 105.875% of the principal balance, plus accrued and unpaid interest.

Concentration of Credit Risk — Financial instruments, which potentially expose the Company to concentrations of credit risk, consist principally of cash investments and trade receivables. The Company places its cash investments with highly rated financial institutions. At times, such investments may be in excess of the FDIC insurance limit. The Company's limited customer base increases its concentrations of credit risk with respect to trade receivables. The Company routinely assesses the financial strength of its customers.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation — The Company has elected not to adopt the recognition provisions for employee stock-based compensation as permitted in SFAS No. 123, "Accounting for Stock-Based Compensation." As such, the Company accounts for stock based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees." No compensation cost has been recognized for the stock option portions of the plan because the exercise prices of the stock options granted were equal to the market value of the Company's stock on the date of grant. Had compensation cost for the Stock Incentive Plan, see Note 9, been determined using the fair value method

CENTURY ALUMINUM COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

provided under SFAS No. 123, the Company's net income (loss) and earnings (loss) per share would have changed to the pro forma amounts indicated below:

		2004	2003	2002
Net income (loss) applicable to common shareholders	As Reported	$27,202	$(1,034)	$(20,608)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		1,767	1,441	172
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(2,148)	(2,106)	(402)
Pro forma net income (loss)		$26,821	$(1,699)	$(20,838)
Basic income (loss) per share	As Reported	$ 0.95	$ (0.05)	$ (1.00)
	Pro Forma	$ 0.94	$ (0.08)	$ (1.01)
Diluted income (loss) per share	As Reported	$ 0.95	$ (0.05)	$ (1.00)
	Pro Forma	$ 0.93	$ (0.08)	$ (1.01)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2004, 2003 and 2002:

	2004	2003	2002
Weighted average fair value per option granted during the year	$14.12	$7.78	$6.66
Dividends per quarter	$ 0.00	$0.00	$0.05
Risk-free interest rate	3.54%	3.11%	3.82%
Expected volatility	70%	75%	69%
Expected lives (in years)	5	5	5

New Accounting Standards — In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), "Share Based Payment." This Statement is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." This statement focuses primarily on accounting for transactions in which a company obtains employee services in share-based payment transactions. This Statement will require the Company to recognize the grant date fair value of an award of equity-based instruments to employees and the cost will be recognized over the period in which the employees are required to provide service. The Statement is effective for the first interim period beginning after June 15, 2005. The Company is currently assessing the Statement and does not expect the impact of adopting SFAS No. 123(R) to have a material effect on the Company's financial position and results of operations.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs." This Statement amends the guidance in Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing" to clarify the accounting treatment for certain inventory costs. In addition, the Statement requires that the allocation of production overheads be based on the facilities' normal production capacity. This Statement is effective for financial statements issued for fiscal years beginning after June 15, 2005. The Company is currently assessing the Statement and has not yet determined the impact of adopting SFAS No. 151 on the Company's financial position and results of operations.

On December 8, 2003, the "Medicare Prescription Drug Improvement and Modernization Act of 2003," or the Medicare Act, was signed into law. The Medicare Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least "actuarially equivalent" to Medicare Part D.

In the second quarter of 2004, a FASB Staff Position (FSP FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003") was issued providing guidance on the accounting for the effects of the Medicare Act for employers that sponsor postretirement health care plans that provide prescription drug benefits. This FSP superseded FSP FAS 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003." The FSP was effective for the first interim or annual period beginning after June 15, 2004.

The guidance in this FSP applies only to the sponsor of a single-employer defined benefit postretirement health plan for which the employer has concluded that prescription drug benefits available under the plan are actuarially equivalent and thus qualify for the subsidy under the Medicare Act and the expected subsidy will offset or reduce the employer's share of the costs of postretirement prescription drug coverage provided by the plan. The Company determined that the Company's plans were actuarially equivalent and elected to adopt the provisions of FSP FAS 106-2 in the third quarter of 2004 on a prospective basis only. The Company compared the Medicare Part D plan to its retiree prescription drug coverage using actuarial equivalencies and reflecting the retiree premiums and cost sharing provisions of the various plans. This analysis showed the Company's plans provide more valuable benefits to retirees than the Medicare Part D plan. Based on the Company's understanding of the intent of the Medicare Act and subsequent proposed regulations, the Company still believes the Company's plans will meet the actuarial equivalence requirements necessary to receive the Medicare reimbursement.

For retirees with post-65 prescription drug benefits, the Company estimates the net effect on post-65 per capita medical and prescription drug costs to be a reduction of approximately 11% to 14% due to the Medicare reimbursement. The changes are assumed to have no impact on future participation rates in the Company's post-65 prescription drug programs.

The Company has reduced the Company's accumulated benefit obligation (ABO) for the subsidy related to benefits attributed to past service by approximately $26.4 million. The reduction will be recognized on the balance sheet through amortization.

Foreign Currency — The Company's Nordural subsidiary located in Iceland uses the U.S. Dollar as its functional currency. Certain operating and construction expenses are denominated and payable in foreign currencies. For example, Nordural's revenues are denominated in U.S. Dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise and result in transaction gains and losses which are reflected in the Consolidated Statement of Operations.

2. Acquisitions

The Gramercy Acquisition

On October 1, 2004, the Company, together with subsidiaries of Noranda Finance, Inc. ("Noranda"), completed the joint purchase of the Gramercy, Louisiana alumina refinery ("Gramercy") owned by Kaiser Aluminum and Chemical Corporation ("Kaiser") and Kaiser's 49% interest in a Jamaican bauxite mining partnership ("St. Ann Bauxite"). The purchase price was $23.0 million, subject to working capital adjustments. The Company and Noranda each paid one-half of the purchase price. All of the bauxite mined by the partnership is used for the production of alumina at the Gramercy refinery and a third party refinery in Texas. The Gramercy refinery chemically refines bauxite into alumina, the principal raw material in the production of primary aluminum. The Hawesville facility purchases virtually all of its alumina requirements from Gramercy. The Company uses the equity method of accounting for its investment in Gramercy and St. Ann Bauxite.

Nordural Acquisition

On April 27, 2004, the Company completed the acquisition of Nordural hf ("Nordural") from Columbia Ventures Corporation. Nordural is an Icelandic company that owns and operates the Nordural facility, a primary aluminum reduction facility located in Grundartangi, Iceland, approximately 25 miles northwest of Reykjavik, Iceland's capital. The results of operations of Nordural are included in the Company's Statement of Operations beginning April 28, 2004.

The Nordural facility, built in 1998, is the Company's most recently constructed and lowest operating cost facility. The Company is expanding the Nordural facility to increase its annual production capacity to 467 million pounds, or more than double its current production capacity.

The Company accounted for the acquisition as a purchase using the accounting standards established in Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." The Company received the final Nordural asset appraisal in December 2004. That appraisal had significantly higher asset values than the preliminary appraisal used to record the acquisition. As a result, goodwill decreased $11,649 from previously reported amounts in interim periods. The Company recognized $95,610 of goodwill in the transaction. None of the goodwill is expected to be deductible for Icelandic tax purposes however; all of the goodwill is expected to be deductible for U.S. tax purposes.

The purchase price for Nordural was $195,346, allocated as follows:

Allocation of Purchase Price:	
Current assets	$ 41,322
Property, plant and equipment	276,597
Goodwill	95,610
Current liabilities	(26,144)
Long-term debt	(177,898)
Other non-current liabilities	(14,141)
Total purchase price	$ 195,346

The following tables represent the unaudited pro forma results of operations for the years ended December 31, 2004 and 2003 assuming the acquisition occurred on January 1, 2003. The unaudited pro forma amounts may not be indicative of the results that actually would have occurred if the transaction described above had been completed and in effect for the periods indicated.

	Year Ended December 31, 2004	Year Ended December 31, 2003
	(Unaudited)	
Net sales	$1,099,122	$883,418
Income before cumulative effect of change in accounting principle	34,787	20,962
Net income	34,787	15,084
Net income available to common shareholders	34,018	13,084
Earnings per share:		
Basic	$ 1.08	$ 0.44
Diluted	$ 1.07	$ 0.43

The Acquisition of Glencore interest in Hawesville

On April 1, 2003, the Company completed the acquisition of the remaining 20% interest in the Hawesville facility. The operating results of the 20% interest in the Hawesville facility have been included in the Company's consolidated financial statements from the date of acquisition. Century paid a purchase price of $99,400 which it financed with approximately $59,400 of available cash and $40,000 from the Glencore Note. See Note 5 for a discussion of the Glencore Note. In connection with the acquisition, the Company assumed all of Glencore's obligations related to the 20% interest in the Hawesville facility. In addition, the Company issued a promissory note to Glencore to secure any payments Glencore could be required to make as issuer of a letter of credit in April 2001 in support of the Industrial Revenue Bonds (the "IRBs").

3. Inventories

Inventories, at December 31, consist of the following:

	2004	2003
Raw materials	$ 51,511	$35,621
Work-in-process	18,180	15,868
Finished goods	8,307	14,920
Operating and other supplies	30,557	22,951
	$108,555	$89,360

At December 31, 2004 and December 31, 2003, approximately 69% and 78% of the inventories, respectively, were valued at the lower of LIFO cost or market. At December 31, 2004, the excess of FIFO cost over LIFO cost (or market, if lower) was $4,775. At December 31, 2003, the excess of LIFO cost (or market, if lower) over FIFO cost was approximately $3,762.

4. Property, Plant and Equipment

Property, plant and equipment, at December 31, consist of the following:

	2004	2003
Land and improvements	$ 13,412	$ 13,371
Buildings and improvements	116,695	41,029
Machinery and equipment	849,815	636,348
Construction in progress	68,718	9,398
	1,048,640	700,146
Less accumulated depreciation	(242,390)	(205,189)
	$ 806,250	$ 494,957

For the years ended December 31, 2004 and 2003, the Company recorded depreciation expense of $37,927 and $32,584, respectively.

At December 31, 2004 and 2003, the cost of property, plant and equipment includes $154,209 and $153,474, respectively, and accumulated depreciation includes $57,102 and $49,598, respectively, representing the Company's undivided interest in the property, plant and equipment comprising the Mt. Holly facility.

The Company has various operating lease commitments through 2010 relating to office space, machinery and equipment. Expenses under all operating leases were $423, $331 and $319 for the years ended

December 31, 2004, 2003 and 2002, respectively. There were no noncancelable operating leases as of December 31, 2004.

5. Debt

Secured First Mortgage Notes

In August 2004, the Company completed a tender offer and consent solicitation for the Company's 11.75% senior secured first mortgage notes due 2008 (the "Notes"). The principal purpose of the tender offer and consent solicitation was to refinance Century's outstanding Notes with debt bearing a lower interest rate, thereby reducing the Company's annual interest expense. On August 26, 2004, the Company purchased $315,055 in principal amount of Notes in the tender offer. Holders received $1,096.86 for each $1,000 principal amount of Notes purchased in the tender offer, plus accrued and unpaid interest. Holders who tendered their Notes by August 6, 2004, received a consent payment of $20.00 per $1,000 of principal amount of Notes resulting in a total consideration of $1,116.86 for each $1,000 principal amount of Notes purchased in the tender offer, plus accrued and unpaid interest up to but not including the date of payment.

Following the tender offer, the Company has outstanding a principal amount of $9,945 of Notes. No principal payments are required until maturity. On April 15, 2005, the Company will exercise its right to call the remaining Notes at 105.875% of the principal balance, plus accrued and unpaid interest.

The Company financed the tender offer and consent solicitation with a portion of the proceeds from the private placement of its 7.5% Senior Unsecured Notes due 2014 ("Senior Unsecured Notes") in the aggregate principal amount of $250,000 and 1.75% Senior Convertible Notes due 2024 ("Convertible Notes") in the aggregate principal amount of $175,000. The sale of the Convertible Notes closed August 9, 2004 resulting in net proceeds to the Company of approximately $169,209. The sale of the Senior Unsecured Notes closed August 26, 2004 and resulted in net proceeds to the Company of approximately $243,238. The Company used the remaining proceeds from these offerings and available cash to repay a portion of the outstanding debt at Nordural.

The Company had unamortized discounts on the Notes of $67 and $2,690 at December 31, 2004 and December 31, 2003, respectively. In connection with the consent solicitation, the Company entered into a supplemental indenture that eliminated substantially all of the restrictive covenants and certain default provisions contained in the indenture governing the remaining Notes.

In the third quarter of 2004, the Company recognized a loss on early extinguishment of debt of $47,448 related to the refinancing of the Notes. The loss was composed of the following:

Purchase price premium, less consent fee	$30,516
Consent payments	6,301
Write-off of capitalized financing fees	7,373
Write-off of bond discount	2,286
Other tender costs	972
	$47,448

Convertible Senior Notes

On August 9, 2004, the Company completed the sale of $175,000 aggregate principal amount of its 1.75% Convertible Notes due August 1, 2024. Interest is payable on February 1st and August 1st of each year.

The Convertible Notes are convertible at any time at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of Convertible Notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a Convertible Note, the holder of such Convertible Note shall receive cash equal to the principal amount of the Convertible Note and, at Century's election, either cash, Century common stock, or a combination thereof, for the Convertible Notes' conversion value in excess of such principal amount, if any. In addition, the Convertible Notes are redeemable at Century's option beginning on August 6, 2009, and the holders may require Century to repurchase all or part of their Convertible Notes for cash on each of August 1, 2011, August 1, 2014 and August 1, 2019. The convertible notes are classified as current because they are convertible at any time.

The obligations of the Company pursuant to the Convertible Notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of the Company's existing domestic restricted subsidiaries other than Century Aluminum of Kentucky, LLC.

Senior Unsecured Notes

On August 26, 2004, the Company completed the sale of $250,000 aggregate principal amount of its 7.5% Senior Unsecured Notes due August 15, 2014. Interest is payable February 15th and August 15th of each year.

The indenture governing the Senior Unsecured Notes contains customary covenants, including limitations on the Company's ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

The obligations of the Company pursuant to the Senior Unsecured Notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of the Company's existing domestic restricted subsidiaries other than Century Aluminum of Kentucky, LLC.

On or after August 15, 2009, the Company may redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principal amount, plus accrued and unpaid interest, beginning on August 15, 2012.

Revolving Credit Facility

Effective April 1, 2001, the Company entered into a $100,000 senior secured revolving credit facility (the "Revolving Credit Facility") with a syndicate of banks. The Revolving Credit Facility will mature on April 2, 2006. The Company's obligations under the Revolving Credit Facility are unconditionally guaranteed by its domestic subsidiaries (other than Century Aluminum of Kentucky, LLC (the "LLC") and certain subsidiaries formed in connection with the Nordural and Gramercy acquisitions) and secured by a first priority security interest in all accounts receivable and inventory belonging to the Company and its subsidiary borrowers. The availability of funds under the Revolving Credit Facility is subject to a $30,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. As of December 31, 2004, the Company had a borrowing base of $87,861 under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility are, at the Company's option, at the LIBOR rate or the Fleet National Bank base rate plus, in each case, an applicable interest margin. The applicable interest margin ranges from 2.25% to 3.0% over the LIBOR rate and 0.75% to 1.5% over the base rate and is determined by certain financial measurements of the Company. There were no outstanding borrowings under the Revolving Credit Facility as of December 31, 2004 and December 31, 2003. Interest periods for LIBOR rate borrowings are one, two, three or six months, at the Company's option. The Company is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments.

Industrial Revenue Bonds

Effective April 1, 2001, in connection with its acquisition of the Hawesville facility, the Company assumed the IRBs in the aggregate principal amount of $7,815. From April 1, 2001 through April 1, 2003, Glencore assumed 20% of the liability related to the IRBs consistent with its ownership interest in the Hawesville facility during that period. The IRBs mature on April 1, 2028, and bear interest at a variable rate not to exceed 12% per annum determined weekly based on prevailing rates for similar bonds in the bond market, with interest paid quarterly. The IRBs are secured by a Glencore guaranteed letter of credit and the Company provides for the servicing costs for the letter of credit. The Company has agreed to reimburse Glencore for all costs arising from the letter of credit. The Company's maximum potential amount of future payments under the reimbursement obligations for the Glencore letter of credit securing the IRBs would be $8,150. The interest rate on the IRBs at December 31, 2004 was 2.30%. The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing, as provided in the indenture governing the IRBs. The Company's reimbursement obligations related to the Glencore letter of credit securing the IRBs are guaranteed by each of its material consolidated subsidiaries, except for the LLC (see Note 19 for a discussion of note guarantees), and secured by a first priority interest in the 20% interest in the Hawesville facility.

Glencore Note Payable

On April 1, 2003, in connection with its acquisition of the remaining 20% interest in the Hawesville facility, the Company issued a six-year $40,000 promissory note payable to Glencore bearing interest at a rate of 10% per annum (the "Glencore Note"). In April 2004, the Company paid the remaining $14,000 of principal on the Glencore Note, which consisted of a $2,000 required principal payment and an optional $12,000 prepayment of principal.

Term Loan Facility — Nordural

As of December 31, 2004, Nordural had approximately $68,494 of debt associated with a senior term loan facility maturing December 31, 2009. In February 2005, the Company repaid the remaining principal outstanding under the loan facility with borrowing under a new term loan facility described below. Amounts borrowed under Nordural's loan facility bore interest at a margin over the applicable LIBOR rate.

Nordural's New Term Loan Facility

On February 10, 2005, Nordural executed agreements and documents related a new $365.0 million senior term loan facility with Landsbanki Islands hf. and Kaupthing Bank hf, which closed and funded on February 15, 2005. Amounts borrowed under the new term loan facility were used to refinance debt under Nordural's existing term loan facility, and will be used to finance a portion of the costs associated with the ongoing expansion of the Nordural facility and for Nordural's general corporate purposes. Amounts borrowed under Nordural's new term loan facility generally will bear interest at a margin over the applicable Eurodollar rate. Nordural's obligations under the new term loan facility have been secured by a pledge of all of Nordural's shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural's assets are pledged as security under the loan facility. Nordural is required to make the following minimum repayments of principal on the facility: $15.5 million on February 28, 2007 and $14.0 million on each of August 31, 2007, February 29, 2008, August 31, 2008, February 28, 2009, August 31, 2009 and February 28, 2010. If Nordural makes a dividend payment (which dividends are not permitted until the Nordural facility has been expanded to a production level of 212,000 metric tons per year), it must simultaneously make a repayment of principal in an amount equal to 50% of the dividend. The new term loan facility is non-recourse to Century Aluminum Company. All outstanding principal must be repaid at final maturity on February 28, 2010.

Nordural's loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006.

Principal Payments on Long Term Debt

Principal payments on the Company's long term debt in the next five years and thereafter are as follows:

	Total	2005	2006	2007	2008	2009	Thereafter
7.5% Senior Notes due August 2014	$250,000						$250,000
Nordural debt	80,711		$831	$30,354	$28,887	$11,916	8,723
Total	$330,711	—	$831	$30,354	$28,887	$11,916	$255,723

6. Composition of Certain Balance Sheet Accounts at December 31

	2004	2003
Accrued and Other Current Liabilities		
Income taxes	$ 11,698	$ 2,811
Accrued bond interest	8,148	7,956
Salaries, wages and benefits	15,210	7,818
Asset retirement obligations — current portion	3,286	3,021
Stock compensation	2,132	2,252
Other	12,835	6,296
	$ 53,309	$30,154
Accrued Employee Benefit Costs — Current Portion		
Postretirement benefits	$ 4,558	$ 4,242
Employee benefits cost	3,900	4,692
	$ 8,458	$ 8,934
Other Liabilities		
Workers' compensation	$ 9,317	$ 8,971
Asset retirement obligations — less current portion	13,946	13,474
Derivative liabilities	10,615	10,598
Other	1,083	329
	$ 34,961	$33,372
Accumulated Other Comprehensive Loss		
Unrealized loss on financial instruments, net of tax of $28,011 and $864	$(49,113)	$(1,591)
Minimum pension liability adjustment, net of tax of $1,728 and $2,042	(3,073)	(3,631)
	$(52,186)	$(5,222)

Century of West Virginia and Century of Kentucky are self-insured for workers' compensation. In addition, Century of West Virginia has certain catastrophic coverage that is provided under State of West Virginia insurance programs. The liability for self-insured workers' compensation claims has been discounted at 4.5% for 2004 and 5.0% for 2003. The components of the liability for workers' compensation at December 31 are as follows:

	2004	2003
Undiscounted liability	$15,379	$15,100
Less discount	3,241	3,558
	$12,138	$11,542

7. Pension and Other Postretirement Benefits

Pension Benefits

The Company maintains noncontributory defined benefit pension plans for all of the Company's domestic hourly and salaried employees. For the domestic salaried employees, plan benefits are based primarily on years of service and average compensation during the later years of employment. For hourly employees at the Ravenswood facility, plan benefits are based primarily on a formula that provides a specific benefit for each year of service. The Company's funding policy is to contribute annually an amount based upon actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the minimum funding requirements of ERISA. Plan assets consist principally of U.S. equity securities, growth funds and fixed income accounts. In addition, the Company provides supplemental executive retirement benefits ("SERB") for certain executive officers. The Company uses a measurement date of December 31st to determine the pension and OPEB benefit liabilities.

The hourly employees at the Hawesville facility are part of a United Steelworkers of America ("USWA") sponsored multi-employer plan. The Company's contributions to the plan are determined at a fixed rate per hour worked. During the years ended December 31, 2004, 2003 and 2002, the Company contributed $1,454, $1,407 and $1,467, respectively, to the plan, and had no outstanding liability at year end.

As of December 31, 2004 and 2003, the Company's accumulated pension benefit obligation exceeded the fair value of the pension plan assets at year end. At December 31, 2004 and 2003, the Company was required to record a minimum pension liability, which primarily related to the Mt. Holly facility, of $3,073 and $3,631, net of tax, respectively, the charge for which is included in other comprehensive income. In the future, the amount of the minimum pension liability will vary depending on changes in market conditions, performance of pension investments, and the level of company contributions to the pension plans. The Company will evaluate and adjust the minimum pension liability on an annual basis.

Other Postretirement Benefits (OPEB)

In addition to providing pension benefits, the Company provides certain healthcare and life insurance benefits for substantially all domestic retired employees. The Company accounts for these plans in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires the Company to accrue the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. The Company funds these benefits as the retirees submit claims.

The change in benefit obligations and change in plan assets as of December 31 are as follows:

	2004		2003	
	Pension	OPEB	Pension	OPEB
Change in benefit obligation				
Benefit obligation at beginning of year	$ 67,249	$ 117,525	$ 58,442	$ 104,035
Service cost	3,369	4,082	3,339	3,757
Interest cost	4,261	7,336	3,761	6,823
Plan changes	114	(4,717)	1,649	18
Losses	8,379	28,467	2,948	7,087
Benefits paid	(3,079)	(4,757)	(2,890)	(4,195)
Benefit obligation at end of year	$ 80,293	$ 147,936	$ 67,249	$ 117,525
Change in plan assets				
Fair value of plan assets at beginning of year	$ 53,095	$ —	$ 38,382	$ —
Actual return (loss) on plan assets	7,321	—	14,383	—
Employer contributions	9,853	4,757	3,220	4,195
Benefits paid	(3,079)	(4,757)	(2,890)	(4,195)
Fair value of assets at end of year	$ 67,190	$ —	$ 53,095	$ —
Funded status of plans				
Funded status	$(13,103)	$(147,936)	$(14,155)	$(117,525)
Unrecognized actuarial loss	12,852	63,248	7,370	36,613
Unrecognized transition obligation	60	—	234	—
Unrecognized prior service cost	4,549	(5,422)	5,104	(1,044)
Net asset (liability) recognized	$ 4,358	$ (90,110)	$ (1,447)	$ (81,956)
Amounts Recognized in the Statement of Financial Position				
Prepaid benefit cost	$ 15,043	$ —	$ 9,274	$ —
Accrued benefit liability	(10,685)	(90,110)	(12,458)	(81,956)
Intangible asset	—	—	737	—
Accumulated other comprehensive income	—	—	1,000	—
Net amount recognized	$ 4,358	$ (90,110)	$ (1,447)	$ (81,956)

The Company's pension plans projected benefit obligation, accumulated benefit obligation, and fair value of plan assets as of December 31 are as follows:

	Projected Benefit Obligation		Accumulated Benefit Obligation		Fair Value of Plan Assets	
	2004	2003	2004	2003	2004	2003
Hourly pension plan	$43,941	$37,781	$43,512	$37,781	$44,606	$39,151
Salaried pension plan	27,300	18,702	22,579	15,231	22,584	13,944
Supplemental executive benefits pension plan ("SERB")	9,052	10,766	9,052	10,764	0	0

There are no plan assets in the SERB due to the nature of the plan.

Net periodic benefit costs were comprised of the following elements:

	Year Ended December 31,					
	2004		2003		2002	
	Pension	OPEB	Pension	OPEB	Pension	OPEB
Service cost	$ 3,369	$ 4,082	$ 3,339	$ 3,757	$ 3,001	$3,019
Interest cost	4,261	7,336	3,761	6,823	3,554	6,229
Expected return on plan assets	(4,750)	—	(3,454)	—	(3,554)	—
Net amortization and deferral	1,167	1,493	2,055	1,148	1,425	401
Net periodic cost	$ 4,047	$12,911	$ 5,701	$11,728	$ 4,426	$9,649

Weighted average assumptions were used to determine benefit obligations at December 31:

	Pension Benefits		OPEB	
	2004	2003	2004	2003
Discount rate	5.75%	6.25%	5.75%	6.25%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%

Weighted average assumptions were used to determine net periodic benefit cost for the years ended December 31:

	Pension Benefits		OPEB	
	2004	2003	2004	2003
Measurement date	12/31/2003	12/31/2002	12/31/2003	12/31/2002
Fiscal year end	12/31/2004	12/31/2003	12/31/2004	12/31/2003
Discount rate	6.25%	6.50%	6.25%	6.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Expected long-term return on plan assets	9.00%	9.00%	—	—

In developing the long-term rate of return assumption for pension fund assets, the Company evaluated input from its actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. The Company also considered its historical 10-year compound returns. The Company anticipates that its investments will generate long-term rates of return of 9.0%, based on target asset allocations discussed below.

Effect of Medicare Part D

The following table shows the effect of the Medicare Part D Subsidy on the components of the Company's 2004 net periodic postretirement benefit cost.

	Year Ended December 31, 2004	
	Included	Excluded
Service cost	$ 4,082	$ 4,407
Interest cost	7,336	7,850
Expected return on plan assets	—	—
Net amortization and deferral	1,493	1,984
Net periodic cost	$12,911	$14,241

For measurement purposes, medical cost inflation is initially 9%, declining to 5% over six years and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations. A one-percentage-point change in the assumed health care cost trend rates would have had the following effects in 2004:

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost components	$ 2,241	$ (1,760)
Effect on accumulated postretirement benefit obligation	$27,101	$(21,511)

The Company sponsors a tax-deferred savings plan under which eligible domestic employees may elect to contribute specified percentages of their compensation with the Company providing matching contributions of 60% of the first 6% of a participant's annual compensation contributed to the savings plan. One half of the Company's contribution is invested in the common stock of Century and one half of the Company's contribution is invested based on employee election. Company contributions to the savings plan were $602, $590 and $607 for the years ended December 31, 2004, 2003 and 2002, respectively. Shares of common stock of the Company may be sold at any time. Employees are considered fully vested in the plan upon completion of two years of service. A year of service is defined as a plan year in which the employee works at least 1,000 hours.

Plan Assets

The Company's pension plans weighted average asset allocations at December 31, 2004 and 2003, by asset category are as follows:

	Pension Plan Assets at December 31, 2004	Pension Plan Assets at December 31, 2003
Equity securities	65%	71%
Debt securities	35%	29%
	100%	100%

The Company seeks a balanced return on plan assets through a diversified investment strategy. The Company's weighted average target allocation for plan assets is 65% equity securities and funds and 35% fixed income funds. The Company expects the long-term rate of return on the plan assets to be 9.0%.

Equity securities include Century common stock in the amounts of $0 and $9,505 (18% of total plan assets) at December 31, 2004 and 2003, respectively. There are no plan assets in the SERB plan due to the nature of the plan.

The Company's other postretirement benefit plans are unfunded. The Company funds these benefits as the retirees submit claims.

Pension and OPEB Cash Flows

Contributions

The Company expects to contribute approximately $500 to fund its pension plans for the years ended December 31, 2005.

Estimated Future Benefit Payments

The following table provides the estimated future benefit payments for the pension and other postretirement benefit plans.

	Pension Benefits	OPEB Benefits
2005	$3,806	$4,558
2006	4,587	4,547
2007	4,818	5,146
2008	5,081	5,731
2009	5,437	6,378
Years 2010-2014	30,372	41,035

8. Shareholders' Equity

Preferred Stock — Under the Company's Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 5,000,000 shares of preferred stock, with a par value of one cent per share, in one or more series. The authorized but unissued preferred shares may be issued with such dividend rates, conversion privileges, voting rights, redemption prices and liquidation preferences as the Board of Directors may determine, without action by shareholders.

On April 2, 2001, the Company issued to Glencore 500,000 shares of its 8.0% cumulative convertible preferred stock (the "Preferred Stock") for a cash purchase price of $25,000. In May 2004, the Company used a portion of the proceeds from a registered equity offering that closed in April 2004 to pay preferred stock dividends of $3,269 or $6.54 per preferred stock share. In May 2004, Glencore exercised its option to convert its Preferred Stock into shares of the Company's common stock at a price of $17.92 per common share. The Company issued 1,395,089 shares of its common stock to Glencore in the conversion. At December 31, 2004, the Company had no outstanding Preferred Stock.

The Company suspended its common and preferred stock dividends beginning in the fourth quarter of 2002. The action was taken because the Company was near the limits on allowable dividend payments under the then current covenants in its bond indenture and due to current economic conditions. In August 2004, the Company refinanced its Notes and removed all restrictive covenants associated with the Notes. As of December 31, 2003, the Company had total cumulative preferred dividend arrearages of $2,500, or $5.00 per share of preferred stock.

9. Stock Based Compensation

1996 Stock Incentive Plan — The Company adopted the 1996 Stock Incentive Plan (the "Stock Incentive Plan") for the purpose of awarding performance share units and granting qualified incentive stock options and nonqualified stock options to salaried officers and other key employees of the Company. The Stock Incentive Plan was amended in 2004 and its term was extended five years through February 28, 2011. Additionally, as part of the amendment the number of shares available under the Stock Incentive Plan was increased 1,000,000 shares to a total of 3,000,000 shares. Granted stock options vest one-third on the grant date and an additional one-third on each of the first and second anniversary dates, and have a term of 10 years. The performance share units represent the right to receive common stock, on a one-for-one basis on their vesting dates.

The Stock Incentive Plan provides for grants upon the passage of time or the attainment of certain established performance goals. As of December 31, 2004, 536,211 performance share units have been authorized and will vest upon the attainment of the performance goals.

The Company recognized $2,761, $2,254 and $269 of expense related to the Stock Incentive Plan in 2004, 2003 and 2002, respectively. Service based performance share units do not affect the issued and outstanding shares of common stock until conversion at the end of the vesting periods. However, the service based performance share units are considered common stock equivalents and therefore are included, using the treasury stock method, in average common shares outstanding for diluted earnings per share computations. Goal based performance share units are not considered common stock equivalents until it becomes probable that performance goals will be obtained.

Non-Employee Directors Stock Option Plan — The Company adopted a non-employee directors' stock option plan for the purpose of granting non-qualified stock options to non-employee directors. The number of shares available under this plan is 200,000, of which options for 179,000 shares have been awarded. The initial options vest one-third on the grant date and an additional one-third on each of the first and second anniversary dates. Subsequent options vest one-fourth each calendar quarter. Each option granted under this plan will be exercisable for a period of 10 years from the date of grant.

A summary of the status of the Company's Stock Incentive Plan and the Non-Employee Directors Stock Option Plan as of December 31, 2004, 2003 and 2002 and changes during the year ended on those dates is presented below:

	2004		2003		2002	
Options	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	677,020	$12.94	691,200	$12.58	595,267	$12.82
Granted	90,750	23.54	161,750	14.06	96,600	11.05
Exercised	(445,840)	12.73	(60,630)	12.48	(667)	8.15
Forfeited	(500)	7.98	(115,300)	12.70	—	—
Outstanding at end of year	321,430	$16.15	677,020	$12.94	691,200	$12.58

The following table summarizes information about stock options outstanding at December 31, 2004:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/04	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Number Exercisable at 12/31/04	Weighted Avg. Exercise Price
$17.00 to $24.51	127,670	9.5 years	$22.23	58,363	$21.66
$13.00 to $16.99	119,335	3.8 years	$14.35	119,335	$14.35
$ 7.03 to $12.99	74,425	6.7 years	$ 8.62	74,425	$ 8.62
	321,430			252,123	

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

10. Earnings (Loss) Per Share

Basic earnings per common share ("EPS") amounts are computed by dividing earnings after the deduction of preferred stock dividends by the average number of common shares outstanding. In accordance with current accounting guidance, for the purpose of calculating EPS, the cumulative preferred stock dividends accumulated for the period were deducted from net income, as if declared. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive common shares outstanding. The following table provides a reconciliation of the computation of the basic and diluted earnings (loss) per share for income before cumulative effect of change in accounting principle (shares in thousands):

	For the Fiscal Year Ended December 31,								
	2004			2003			2002		
	Income	Shares	Per-Share	Income	Shares	Per-Share	Income	Shares	Per-Share
Income (loss) before cumulative effect of change in accounting principle	$27,971			$6,844			$(18,608)		
Less: Preferred stock dividends	(769)			(2,000)			(2,000)		
Basic EPS:									
Income (loss) applicable to common shareholders	27,202	28,668	$0.95	4,844	21,073	$0.23	(20,608)	20,555	$(1.00)
Effect of Dilutive Securities:									
Plus: Incremental Shares from assumed conversion Options	—	107		—	26		—	—	
Diluted EPS:									
Income (loss) applicable to common shareholders with assumed conversions	$27,202	28,775	$0.95	$4,844	21,099	$0.23	$(20,608)	20,555	$(1.00)

For the periods ended December 31, 2004, 2003 and 2002, 2,500, 59,750, 691,200 shares of common stock issuable under the Company's stock option plans were excluded from the calculation of diluted earnings per share because of the antidilutive effect. Convertible preferred stock, convertible at the holder's option into 1,395,089 of the Company's common stock were not included in the computation of dilutive EPS because of their antidilutive effect in 2003 and 2002.

In 2004, there were no common shares associated with the Company's 1.75% Convertible Senior Notes included in dilutive EPS because the conversion price had not been met.

11. Income Taxes

Significant components of the income tax expense, before minority interest and cumulative effect of a change in accounting principle, consist of the following:

	Year Ended December 31,		
	2004	2003	2002
Federal:			
Current benefit (expense)	$ (6,378)	$ —	$20,004
Deferred expense	(7,860)	(1,794)	(7,486)
State:			
Current expense	—	(708)	(913)
Deferred (expense) benefit	(656)	(339)	2,521
Total income tax benefit (expense)	$(14,894)	$(2,841)	$14,126

Income tax expense for the year ended December 31, 2002 includes a $1,500 reduction in reserves established for tax contingencies.

A reconciliation of the statutory U.S. Federal income tax rate to the effective income tax rate on income (loss) before cumulative effect of a change in accounting principle is as follows:

	2004	2003	2002
Federal statutory rate	35%	35%	35%
Effect of:			
Permanent differences	—	(9)	—
State taxes, net of Federal benefit	—	7	3
Minority interest	—	—	(5)
Other	—	—	4
	35%	33%	37%

Permanent differences primarily relate to the Company's settlement of prior year tax examinations, meal and entertainment disallowance, certain state income tax credits and other nondeductible expenses.

Significant components of the Company's deferred tax assets and liabilities as of December 31 are as follows:

	2004	2003
Deferred tax assets:		
Accrued postretirement benefit cost	$ 17,721	$ 14,535
Accrued liabilities	9,930	14,942
NOL carried forward	5,425	4,487
Pension	5,925	7,296
Inventory write-down	—	2,246
Foreign tax credit	11,359	—
Valuation allowance	(11,359)	—
Deferred tax assets	39,001	43,506
Deferred tax liabilities:		
Tax over financial statement depreciation	(107,825)	(96,051)
Equity contra — other comprehensive income	29,739	864
Unrepatriated foreign earnings	(3,500)	—
Net deferred tax liability	$ (42,585)	$(51,681)

The net deferred tax liability of $42,585 at December 31, 2004, is net of a current deferred tax asset of $25,688. The net deferred tax liability of $51,681 at December 31, 2003, is net of a current deferred tax asset of $3,413. At December 31, 2004, the Company has various state net operating loss carryforwards totaling $22,800 which begin to expire in 2010, in addition to $24,000 of foreign net operating loss carryforwards which begin to expire in 2008.

12. Contingencies and Commitments

Environmental Contingencies

The Company believes its current environmental liabilities do not have, and are not likely to have, a material adverse effect on the Company's financial condition, results of operations or liquidity. However, there can be no assurance that future requirements at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. ("Century of West Virginia") continues to perform remedial measures at its Ravenswood facility pursuant to an order issued by the Environmental Protection Agency ("EPA") in 1994 (the "3008(h) Order"). Century of West Virginia also conducted a RCRA facility investigation ("RFI") under the 3008(h) Order evaluating other areas at the Ravenswood facility that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. Century of West Virginia has completed interim remediation measures at two sites identified in the RFI, and the Company believes no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. The Company believes a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of Kaiser, which had previously owned and operated the Ravenswood facility, and is the financial responsibility of Kaiser.

On September 28, 2004, the Bankruptcy Court for the District of Delaware approved an agreement by Kaiser to transfer its environmental liability at Ravenswood to TRC Companies, Inc., and TRC Environmental Corporation (collectively "TRC"). The Bankruptcy Court also approved an agreement between, Kaiser, TRC, Century of West Virginia and Pechiney Rolled Products, Inc. ("Pechiney"), effective as of September 1, 2004, pursuant to which TRC assumed all of Kaiser's environmental liabilities at Ravenswood. TRC also purchased insurance in amounts the Company believes are sufficient to cover the costs of any TRC liability at Ravenswood. Also, as of September 1, 2004, Century of West Virginia and Pechiney entered into an agreement releasing Century of West Virginia from all of the environmental indemnification obligations for Kaiser-related matters arising out of the Century of West Virginia's 1999 sale of the Ravenswood rolling mill to Pechiney.

Under the Company's agreement with Southwire Company to purchase the Hawesville, Kentucky facility, Southwire indemnified the Company against all on-site environmental liabilities known to exist prior to April 1, 2001 (the "Closing") and against risks associated with off-site hazardous material disposals which pre-dated the Closing.

Prior to the Closing, the EPA had issued a final Record of Decision ("ROD"), under the Comprehensive Environmental Response, Compensation and Liability Act, directing that certain response actions be taken at the Hawesville facility. By agreement, Southwire is to perform all obligations under the ROD. The total costs for the obligations to be undertaken and paid for by Southwire relative to these liabilities are estimated under the ROD to be $12,600, and the forecast of annual operating and maintenance costs is $1,200. Century Kentucky, LLC ("Century Kentucky") will operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

If any on-site environmental liabilities arising from pre-Closing activities at the Hawesville facility that were unknown at Closing, become known prior to March 31, 2007, the Company and Southwire will share the costs of remedial action pro rata depending on the year the liability is identified. The Company will be responsible for all environmental liabilities which first become known on or after March 31, 2007 and any post-Closing environmental liabilities which result from a change in laws.

The Company acquired the Hawesville facility by purchasing all of the outstanding equity securities of Metalsco Ltd. ("Metalsco"), which was a wholly-owned subsidiary of Southwire. Metalsco previously owned certain assets unrelated to the Hawesville plant's operations. These assets were distributed to Southwire prior to the Closing, and Southwire indemnified the Company for all liabilities related to the assets previously owned by Metalsco. Southwire also retained ownership of and full responsibility for certain land adjacent to the Hawesville facility containing potliner disposal areas.

Southwire has secured its indemnity obligations to the Company for environmental liabilities through April 1, 2008 by posting a letter of credit in the Company's favor in the amount of $14,000. Southwire is obligated to post an additional $15,000 if its net worth drops below a pre-determined level prior to April 1, 2008. The amount of security Southwire provides may increase (but not above $14,500 or $29,500, as applicable) or decrease (but not below $3,000) if certain specified conditions are met.

The Company cannot be certain Southwire will be able to meet its indemnity obligations. In that event, under certain environmental laws which impose liability regardless of fault, the Company may be liable for any outstanding remedial measures required under the ROD and for certain liabilities related to the unwanted properties. If Southwire fails to meet its indemnity obligations or if the Company's shared or assumed liability is significantly greater than anticipated, the Company's financial condition, results of operations and liquidity could be materially adversely affected.

Century is a party to an EPA Administrative Order on Consent (the "Order") pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation ("Lockheed"), which sold the facility to one of the Company's affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to terms of the Lockheed–Vialco Asset Purchase Agreement. Management does not believe Vialco's liability under the Order or its indemnity to Lockheed will require material payments. Through December 31, 2004, the Company has expended approximately $440 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, the Company expects the future potential payments under this indemnification will be approximately $200 which may be offset in part by sales of recoverable hydrocarbons.

The Company, along with others, including former owners of its former St. Croix facility, received notice of a threatened lawsuit alleging natural resource damages involving the subsurface contamination at the facility. Century has entered into a Joint Defense Agreement with the other parties who received notification of the threatened lawsuit. While it is not presently possible to determine the outcome of this matter, the Company's known liabilities with respect to this and other matters relating to compliance and cleanup, based on current information, are not expected to be material and should not materially adversely affect the Company's operating results. However, if more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered, or if contributions from other responsible parties with respect to sites for which the Company has cleanup responsibilities are not available, the Company may be subject to additional liability, which may be material.

Nordural is subject to various Icelandic and other environmental laws and regulations. These laws and regulations are subject to change, which changes could result in increased costs. Operating in a foreign country exposes the Company to political, regulatory, currency and other related risks. The Nordural facility, built in 1998, uses technology currently defined to be "best available technology" under the European Union's Integrated Pollution Prevention and Control Directive of 1996, or IPPC. The operational restrictions for the Nordural facility, as determined by the Icelandic Minister for the Environment, are set forth in the facility's operating license. The license currently allows for both the facility's current and planned expansion capacity.

It is the Company's policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $596 and $694 at December 31, 2004 and December 31, 2003, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to ongoing environmental compliance costs, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and the Company's inability to predict the requirements of the future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance will not have a material adverse effect on the Company's future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on the Company's financial condition, results of operations, or liquidity.

Legal Contingencies

The Company has pending against it or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental and safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on the Company's financial condition, results of operations, or liquidity.

Power Commitments

The Hawesville facility currently purchases all of its power from Kenergy Corporation ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Kenergy acquires the power it provides to the Hawesville facility mostly from a subsidiary of LG&E Energy Corporation ("LG&E"), with delivery guaranteed by LG&E. The Hawesville facility currently purchases all of its power from Kenergy at fixed prices. Approximately 121 MW or 27% of the Hawesville facility's power requirements are unpriced in calendar years 2006 through 2010. The Company will negotiate the price for the unpriced portion of the contract at such times as the Company and Kenergy deem appropriate.

The Company purchases all of the electricity requirements for the Ravenswood facility from Ohio Power Company, a unit of American Electric Power Company, under a fixed price power supply agreement that runs through December 31, 2005. On February 18, 2005, Century Aluminum of West Virginia, Inc. signed an agreement with Appalachian Power Company for the supply of electricity to the Ravenswood facility beginning January 1, 2006. The agreement has an initial term of two years and continues thereafter until Century gives 12 months notice of cancellation. Appalachian Power has filed a petition with the Public Services Commission of West Virginia ("PSC") seeking affirmation of its authorization to provide service to the Ravenswood facility. In 2000, the PSC found that the Ravenswood facility was in Appalachian Power's service territory and had jurisdiction over the provision of service. The agreement will become effective unless the PSC fails to affirm its previous findings. Power under the new agreement is priced under an Appalachian Power tariff.

The Mt. Holly facility purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. The Mt. Holly facility's current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Nordural facility purchases power from Landsvirkjun, a power company jointly owned by the Republic of Iceland and two Icelandic municipal governments, under a contract due to expire in 2019. The power delivered to the Nordural facility under its current contract is from hydroelectric and geothermal sources, both competitively-priced and renewable sources of power in Iceland, at a rate based on the London Metal Exchange ("LME") price for primary aluminum. In connection with the planned expansion, Nordural has entered into a power contract with Hitaveita Su#urnesja hf. ("Sudurnes Energy") and Orkuveita Reykjavíkur ("Reykjavik Energy") for the supply of the additional power required for the expansion capacity. Power under this agreement will be generated from geothermal resources and prices will be LME-based. By the terms of a Second Amendment to the Landsvirkjun/Nordural Power Contract, dated as of April 21, 2004, Landsvirkjun has agreed on a best commercial efforts basis to provide backup power to Nordural should Sudurnes Energy or Reykjavik Energy be unable to meet the obligations of their contract to provide power for the Nordural expansion.

The Company may suffer losses due to a temporary or prolonged interruption of the supply of electrical power to its facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. The Company uses large amounts of electricity to produce primary aluminum, and any loss of power which causes an equipment shutdown can result in the hardening or "freezing" of molten aluminum in the pots where it is produced. If this occurs, the Company may lose production for a prolonged period of time and incur significant losses. Although the Company maintains property and business interruption insurance to mitigate losses resulting from catastrophic events, the Company may still be required to pay significant amounts under the deductible provisions of those insurance policies. Century's coverage may not be sufficient to cover all losses, or certain events may not be covered. For example, certain of Century's insurance policies do not cover any losses the Company may incur if its suppliers are unable to provide the Company with power during periods of unusually high demand. Certain material losses which are not covered by insurance may trigger a default under the Company's Revolving Credit Facility. No assurance can be given that a material shutdown will not occur in the future or that such a shutdown would not have a material adverse effect on the Company.

Labor Commitments

Approximately 81% of the Company's U.S. based workforce are represented by the United Steelworker's of America (the "USWA") and are working under agreements that expire as follows: March 31, 2006 (Hawesville) and May 31, 2006 (Ravenswood).

There are six national labor unions representing approximately 80% of Nordural's work force. The current contract with these unions expired on December 31, 2004. The terms of a new contract are currently being negotiated.

Other Commitments and Contingencies

The Company's income tax returns are periodically examined by various tax authorities. The Company is currently under audit by the Internal Revenue Service ("IRS") for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. The Company is reviewing the issues raised by the IRS and plans to contest the proposed tax deficiencies. The Company does not believe that the outcome of the tax audit will have a material impact on the Company's financial condition or results of operations.

In connection with the acquisition of the Hawesville facility, the Company would be required to make post-closing payments to Southwire of up to $7,000, if LME prices exceed specified levels during any of the seven years following closing. If the LME price remains at current levels, the entire $7,000 will become due in April 2005.

At December 31, 2004, the Company had outstanding capital commitments related to the Nordural expansion of $218,800. The Company's cost commitments for the Nordural expansion may materially change

depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the euro and the Icelandic krona.

13. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, the Company is exposed to fluctuating raw material and primary aluminum prices. The Company routinely enters into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods.

Alumina Tolling

Nordural is party to a long-term alumina tolling contract with a subsidiary of BHP Billiton (the "Tolling Agreement") which is due to expire December 31, 2013. Under this contract, which is for all of the Nordural facility's existing production capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. As of August 1, 2004, the Company entered into a ten-year alumina toll conversion agreement with Glencore for approximately 198.4 million pounds per year of Nordural's expansion capacity. That contract also provides Nordural with an LME-based fee. The contract is effective in late-2006.

Primary Aluminum Sales Agreements

Century has a contract with Pechiney (the "Pechiney Metal Agreement") under which Pechiney purchases 23 to 27 million pounds, per month, of molten aluminum produced at the Ravenswood facility through December 31, 2005, at a price determined by reference to the U.S. Midwest Market Price. This contract will be automatically extended through July 31, 2007 provided that the Company's power contract for the Ravenswood facility is extended or replaced through that date. Pechiney has the right, upon 12 months' notice, to reduce its purchase obligations by 50% under this contract. In December 2003, Alcan Inc. ("Alcan") completed an acquisition of Pechiney and as a result assumed the Pechiney metal agreement.

The Pechiney rolling mill that purchases primary aluminum from the Company under this contract is located adjacent to the Ravenswood facility, which requires the Company to deliver molten aluminum, thereby reducing its casting and shipping costs. If Alcan materially reduces its purchases or fails to renew the contract when it expires, the Company's casting, shipping and marketing costs at the Ravenswood facility would increase.

On April 1, 2000, the Company entered into an agreement with Glencore, expiring December 31, 2009, to sell and deliver monthly, primary aluminum totaling approximately 110 million pounds per year at a fixed price for the years 2002 through 2009 (the "Original Sales Contract"). In January 2003, Century and Glencore agreed to terminate and settle the Original Sales Contract for the years 2005 through 2009. At that time, the parties entered into a new contract (the "New Sales Contract") that requires Century to deliver the same quantity of primary aluminum as did the Original Sales Contract for these years. The New Sales Contract provides for variable pricing determined by reference to the LME for the years 2005 through 2009. For deliveries through 2004, the price of primary aluminum delivered was fixed.

Prior to the January 2003 agreement to terminate and settle the years 2005 though 2009 of the Original Sales Contract, the Company had been classifying and accounting for it as a normal sales contract under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." A contract that is so designated and that meets other conditions established by SFAS No. 133 is exempt from the requirements of SFAS No. 133, although by its terms the contract would otherwise be accounted for as a derivative instrument. Accordingly, prior to January 2003, the Original Sales Contract was recorded on an accrual basis of accounting and changes in the fair value of the Original Sales Contract were not recognized.

According to SFAS No. 133, it must be probable that at inception and throughout its term, a contract classified as "normal" will not result in a net settlement and will result in physical delivery. In April 2003, the Company and Glencore net settled a significant portion of the Original Sales Contract, and it no longer qualified for the "normal" exception of SFAS No. 133. The Company marked the Original Sales Contract to current fair value in its entirety. Accordingly, in the first quarter of 2003 the Company recorded a derivative asset and a pre-tax gain of $41,700. Of the total recorded gain, $26,100 related to the favorable terms of the Original Sales Contract for the years 2005 through 2009, and $15,600 relates to the favorable terms of the Original Sales Contract for 2003 through 2004.

The Company determined the fair value by estimating the excess of the contractual cash flows of the Original Sales Contract (using contractual prices and quantities) above the estimated cash flows of a contract based on identical quantities using LME-quoted prevailing forward market prices for aluminum plus an estimated U.S. Midwest premium adjusted for delivery considerations. The Company discounted the excess estimated cash flows to present value using a discount rate of 7%.

On April 1, 2003, the Company received $35,500 from Glencore, $26,100 of which related to the settlement of the Original Sales Contract for the years 2005 through 2009, and $9,400 of which represented the fair value of the New Sales Contracts discussed below. In January 2003, the Company began accounting for the unsettled portion of the Original Sales Contract (years 2003 and 2004) as a derivative and recognizing period-to-period changes in fair value in current income. The Company also accounts for the New Sales Contract as a derivative instrument under SFAS No. 133. The Company has not designated the New Sales Contract as "normal" because it replaces and substitutes for a significant portion of the Original Sales Contract which, after January 2003, no longer qualified for this designation. The $9,400 initial fair value of the New Sales Contract is a derivative liability and represents the present value of the contract's favorable term to Glencore in that the New Sales Contract excludes from its variable price an estimated U.S. Midwest premium, adjusted for delivery considerations. Because the New Sales Contract is variably priced, the Company does not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

In connection with the acquisition of the Hawesville facility in April 2001, the Company entered into a 10-year contract with Southwire (the "Southwire Metal Agreement") to supply 240 million pounds of high-purity molten aluminum annually to Southwire's wire and cable manufacturing facility located adjacent to the Hawesville facility. Under this contract, Southwire will also purchase 60.0 million pounds of standard grade molten aluminum each year for the first five years of the contract, with an option to purchase an equal amount in each of the remaining five years. Southwire has exercised this option through 2008. Prior to the acquisition of the 20% interest in the Hawesville facility on April 1, 2003, the Company and Glencore were each responsible for providing a pro rata portion of the aluminum supplied to Southwire under this contract. In connection with the Company's acquisition of the 20% interest in the Hawesville facility, the Company assumed Glencore's delivery obligations under the Southwire Metal Agreement. The price for the molten aluminum to be delivered to Southwire from the Hawesville facility is variable and will be determined by reference to the U.S. Midwest Market Price. This agreement expires on March 31, 2011, and will automatically renew for additional five-year terms, unless either party provides 12 months' notice that it has elected not to renew.

In connection with the acquisition of the 20% interest in the Hawesville facility, the Company entered into a ten-year contract with Glencore (the "Glencore Metal Agreement") from 2004 through 2013 under which Glencore will purchase approximately 45 million pounds per year of primary aluminum produced at the Ravenswood and Mt. Holly facilities, at prices based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

Apart from the Pechiney Metal Agreement, the New Sales Contract, the Glencore Metal Agreement and the Southwire Metal Agreement, the Company had forward delivery contracts to sell 249.4 million pounds and

351.8 million pounds of primary aluminum at December 31, 2004 and December 31, 2003, respectively. Of these forward delivery contracts, the Company had fixed price commitments to sell 13.3 million pounds and 70.5 million pounds of primary aluminum at December 31, 2004 and December 31, 2003, respectively, of which, no forward delivery contracts and 53.5 million pounds at December 31, 2004 and December 31, 2003, respectively, were with Glencore.

Alumina Purchase Agreements

The Company is party to long-term supply agreements with Glencore for the supply of alumina to the Company's Ravenswood and Mt. Holly facilities that extend through December 2006 and January 2008 at prices indexed to the price of primary aluminum quoted on the LME.

Prior to October 1, 2004, the Company purchased the alumina used at its Hawesville facility from Kaiser under a long term agreement that ran through December 2006. Kaiser filed for bankruptcy under Chapter 11 of the Bankruptcy Code in February 2002. Subsequent to that date, and with bankruptcy court approval, Kaiser agreed to assume the Company's alumina supply agreement and a new alumina supply agreement for the Company's Hawesville facility for the years 2006 through 2008. Through September 30, 2004, Kaiser continued to supply alumina to the Company pursuant to the terms of its agreement.

On October 1, 2004, the Company and Noranda Finance, Inc. jointly acquired the Gramercy alumina refinery and related Jamaican bauxite mining assets from Kaiser for $23,000, subject to closing adjustments. Century and Noranda each paid one-half, or $11,500, of the purchase price. See Note 2, "Acquisitions."

The price the Company pays for alumina used by the Hawesville facility is now based on the cost of alumina production, rather than the LME price for primary aluminum. Those production costs may be materially higher than an LME-based price. The impact of the Gramercy acquisition to the Company's cost of goods sold may not be materially different than under the Company's existing LME-based contracts with Gramercy in periods of high aluminum prices such as the Company is currently experiencing. However, the Company believes that the price of alumina based on production costs at Gramercy could be materially higher than under the LME-based contract price in periods when aluminum prices are low and natural gas prices are high.

Anode Purchase Agreement

Nordural has a contract for the supply of anodes for its existing capacity which expires in 2013. Pricing for the anode contract is variable and is indexed to the raw material market for petroleum coke products, certain labor rates, and maintenance cost indices.

Financial Sales and Purchase Agreements

At December 31, 2004 and December 31, 2003, the Company had fixed price financial sales contracts, primarily with Glencore, for 1,686.4 million pounds and 102.9 million pounds of primary aluminum, respectively, of which 1,023.7 million pounds and 58.8 million pounds, respectively, were designated cash flow hedges. Beginning in 2006, certain of these sales contracts contain clauses that trigger additional shipment volume when the market price for a period is above the contract ceiling price for that period. These contracts are evaluated monthly and the maximum additional shipment volume over the life of the contract would be 662.7 million pounds, if the market price exceeds the ceiling price for all months during the term of the contract. These fixed price financial sales contracts are scheduled for settlement at various dates in 2005 through 2010. The Company had no fixed price financial purchase contracts to purchase aluminum at December 31, 2004 or December 31, 2003.

Fixed Price Financial Sales Contracts at December 31, 2004: Primary Aluminum

	(Millions of pounds)
2005	425.7
2006	370.3
2007	374.6
2008	185.2
2009	165.3
2010	165.3
Total	1,686.4

Additionally, to mitigate the volatility of the natural gas markets, the Company enters into fixed price financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas. At December 31, 2004 and December 31, 2003, the Company had fixed price financial purchase contracts for 4.3 million and 2.7 million DTH (one decatherm is equivalent to one million British Thermal Units), respectively. These financial instruments are scheduled for settlement at various dates in 2005 through 2008.

Fixed Price Financial Purchase Contracts at December 31, 2004: Natural Gas

	(Thousands of DTH)
2005	2,880
2006	480
2007	480
2008	480
Total	4,320

Based on the fair value of the Company's fixed price financial sales contracts and financial purchase contracts financial instruments as of December 31, 2004, accumulated other comprehensive loss of $30,215 is expected to be reclassified as a reduction to earnings over the next 12 month period.

The forward financial sales and purchase contracts are subject to the risk of non-performance by the counterparties. However, the Company only enters into forward financial contracts with counterparties it determines to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the nominal value of the contract and the market value on the date of settlement.

14. Asset Retirement Obligations

In June 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This Statement establishes standards for accounting for legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company adopted the Standard during the first quarter of 2003. SFAS No. 143 requires that the Company record the fair value of a legal liability for an asset retirement obligation ("ARO") in the period in which it is incurred and capitalize the ARO by increasing the carrying amount of the related asset. The liability is accreted to its

present value each period and the capitalized cost is depreciated over the useful life of the related asset. The Company's asset retirement obligations consist primarily of costs associated with the removal and disposal of reduction plant spent pot liner.

With the adoption of SFAS No. 143 on January 1, 2003, Century recorded an ARO asset of $6,848, net of accumulated amortization of $7,372, a deferred tax asset of $3,430 and an ARO liability of $14,220. The net amount initially recognized as a result of applying the Statement is reported as a cumulative effect of a change in accounting principle. The Company recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle. During the year ended December 31, 2003, $1,795 of the additional ARO liability incurred is related to the acquisition of the 20% interest in the Hawesville facility.

The reconciliation of the changes in the asset retirement obligations is presented below:

	For the Year Ended December 31, 2004	2003
Beginning Balance, ARO Liability	$16,495	$14,220
Additional ARO Liability incurred	1,383	3,402
ARO Liabilities settled	(3,379)	(2,423)
Accretion Expense	2,733	1,296
Ending Balance, ARO Liability	$17,232	$16,495

15. Related Party Transactions

The significant related party transactions occurring during the years ended December 31, 2004, 2003 and 2002, are described below.

The Chairman of the Board of Directors of Century is a member of the Board of Directors of Glencore International AG. One of Century's Board members is the Chairman of the Board of Directors of Glencore International AG.

The Company had notes receivable with officers of the Company of $230 and $450 at December 31, 2004 and 2003, respectively. These notes receivable were all existing loans issued prior to the enactment of the Sarbanes-Oxley Act of 2002 and have not been modified since that date. As of March 15, 2000, no amounts were outstanding under any of these notes receivable.

The Company enters into forward financial sales and hedging contracts with Glencore to help manage exposure to fluctuating primary aluminum prices. Management believes that all of its forward financial sales and hedge contracts with Glencore approximated market at the time of placing the contracts.

Century of West Virginia has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Berkeley has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

During 2003, all of Century's facilities participated in primary aluminum swap arrangements with Glencore at prices which management believes approximated market.

Summary

A summary of the aforementioned related party transactions for the years ended December 31, 2004, 2003 and 2002 is as follows:

	2004	2003	2002
Net sales(1)	$163,209	$121,886	$107,594
Purchases	131,427	99,185	97,469
Management fees from Glencore	—	121	485

(1) Net sales includes gains and losses realized on the settlement of financial contracts.

See Note 13 for a discussion of the Company's fixed-price commitments, forward financial contracts, and contract settlements with related parties.

16. Supplemental Cash Flow Information

	Year Ended December 31,		
	2004	2003	2002
Cash paid for:			
Interest	$37,587	$40,289	$38,299
Income taxes	248	257	286
Cash received from:			
Interest	1,088	341	392
Income tax refunds	80	9,489	17,574

Non-Cash Activities

In the year ended December 31, 2004, the Company had two significant non-cash equity transactions. In April 2004, the Company issued approximately 67,000 shares of common stock to satisfy a performance share liability of $1,630 to certain employees of the Company. Additionally, in May 2004, Glencore exercised its option to convert its shares of cumulative convertible preferred stock. The Company issued 1,395,089 shares of common stock in exchange for Glencore's $25,000 of preferred stock, see Note 8. During 2003, the Company incurred $40,000 of borrowings in the form of seller financing related to the acquisition of the 20% interest in the Hawesville facility. During 2002, the Company made non-cash contributions to the Company's pension plans, consisting of 500,000 shares of the Company's common stock valued at $3,180.

During the years ended December 31, 2004, 2003 and 2002, interest cost incurred in the construction of equipment of $668, $685 and $810, respectively, was capitalized.

17. Business Segments

The Company operates in only one reportable business segment, primary aluminum. The primary aluminum segment produces molten metal, rolling ingot, t-ingot, extrusion billet and foundry ingot.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of the Company's consolidated assets to the total of primary aluminum segment assets is provided below.

Segment Assets(1)	Primary	Corporate, Unallocated	Total Assets
2004	$1,305,485	$25,385	$1,330,870
2003	793,101	17,225	810,326
2002	742,672	22,495	765,167

(1) Segment assets include accounts receivable, due from affiliates, inventory, intangible assets, and property, plant and equipment-net; the remaining assets are unallocated corporate assets, and deferred tax assets.

Geographic information

Included in the consolidated financial statements are the following amounts related to geographic locations:

	Year Ended December 31,		
	2004	2003	2002
Net Sales:			
United States	$974,481	$779,229	$711,003
Other	86,266	3,250	335
Long-lived assets:			
United States	$615,618	$622,921	$569,191
Other	431,161	—	—

Major Customer information

In 2004, 2003, and 2002, the Company had three major customers whose sales revenue exceeded 10% of the net sales of the Company. The revenue and percentage of net sales for these customers are as follows:

	Year Ended December 31,					
	2004		2003		2002	
	$	%	$	%	$	%
Pechiney	301,033	28.4	198,448	25.4	220,729	31.0
Southwire	258,320	24.4	199,067	25.4	157,599	22.2
Glencore	163,209	15.4	121,886	15.6	107,594	15.1

18. Quarterly Information (Unaudited)

The following information includes the results from the Company's 20% interest in the Hawesville facility since its acquisition on April 1, 2003, the results from the Nordural facility since the Company acquired it in April 2004 and the equity in earnings of the GAL and SABL joint venture since the Company acquired its interest in October 2004.

Financial results by quarter for the years ended December 31, 2004 and 2003 are as follows:

	Net Sales	Gross Profit	Net Income (Loss) Before Cumulative Effect of Change in Accounting Principle	Net Income (Loss)	Net Income (Loss) per Share
2004:					
4th Quarter	$290,603	$50,865	$ 20,932	$ 20,932	0.65
3rd Quarter(1)	274,317	43,369	(16,049)	(16,049)	(0.51)
2nd Quarter	263,733	45,191	18,288	18,288	0.61
1st Quarter	232,094	37,049	4,800	4,800	0.20
2003:					
4th Quarter(2)(3)	$205,815	$22,517	$ (6,255)	$ (6,255)	$(0.32)
3rd Quarter	201,488	10,040	(5,367)	(5,367)	(0.28)
2nd Quarter	196,167	7,776	(5,007)	(5,007)	(0.26)
1st Quarter(4)(5)	179,009	7,706	23,473	17,595	0.81

(1) The third quarter 2004 net income includes a charge of $30,367, net of tax, for a loss on the early extinguishment of debt.

(2) The fourth quarter 2003 gross profit includes credits of $5,905 for lower cost of market inventory adjustments.

(3) The fourth quarter 2003 net income includes a charge of $2,004, net of tax, related to an executive resignation.

(4) The first quarter 2003 net income includes a gain of $26,129, net of tax, related to a contract termination.

(5) The first quarter 2003 net income includes a charge of $5,878, net of tax, for the cumulative effect of adopting SFAS No. 143, "Accounting for Asset Retirement Obligations."

19. Condensed Consolidating Financial Information

The Company's 11.75% Senior Secured First Mortgage Notes due 2008, 7.5% Senior Unsecured Notes due 2014, and 1.75% Convertible Senior Notes due 2024 are jointly and severally and fully and unconditionally guaranteed by all of the Company's wholly-owned direct and indirect domestic subsidiaries other than the LLC and a subsidiary formed in connection with the Nordural acquisition (together with the company's foreign subsidiaries, the "Non-Guarantor Subsidiaries"). The Company's policy for financial reporting purposes is to allocate expenses to subsidiaries. For the years ended December 31, 2004, December 31, 2003, and December 31, 2002, the Company allocated total corporate expenses of $1,452, $9,139 and $10,900 to its subsidiaries, respectively. Additionally, the Company charges interest on certain intercompany balances.

Because certain Non-Guarantor Subsidiaries are not "minor" as defined in Rule 3-10(f) of Regulation S-X under the Securities Exchange Act of 1934, as amended, the Company is providing the condensed consolidating financial information required under Rule 3-10(f). See Note 5 to the Consolidated Financial Statements for information about the terms of these notes.

The following summarized condensed consolidating balance sheets as of December 31, 2004 and December 31, 2003, condensed consolidating statements of operations for the years ended December 31, 2004, December 31, 2003 and December 31, 2002 and the condensed consolidating statements of cash flows for the years ended December 31, 2004 and December 31, 2003 present separate results for Century Aluminum Company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had the Company, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 185	$ 1,759	$ 42,224	$ —	$ 44,168
Restricted cash	1,174	504	—	—	1,678
Accounts receivable — net	71,051	8,449	76	—	79,576
Due from affiliates	168,328	8,142	684,458	(846,557)	14,371
Inventories	69,535	39,020	—	—	108,555
Prepaid and other assets	1,514	4,299	4,242	—	10,055
Deferred taxes — current portion	25,395	293	—	—	25,688
Total current assets	337,182	62,466	731,000	(846,557)	284,091
Investment in subsidiaries	66,393	—	268,495	(334,888)	—
Property, plant and equipment — net	464,418	341,692	140	—	806,250
Intangible asset — net	—	86,809	—	—	86,809
Goodwill	—	95,610	—	—	95,610
Other assets	20,391	16,792	20,927	—	58,110
Total	$888,384	$603,369	$1,020,562	$(1,181,445)	$1,330,870
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable, trade	$ 12,000	$ 35,479	$ —	$ —	$ 47,479
Due to affiliates	83,819	1,911	162,150	(163,065)	84,815
Industrial revenue bonds	7,815	—	—	—	7,815
Accrued and other current liabilities	15,545	10,023	27,741	—	53,309
Long term debt — current portion	—	704	9,878	—	10,582
Accrued employee benefits costs — current portion	6,507	1,951	—	—	8,458
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	125,686	50,068	374,769	(163,065)	387,458
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	80,711	—	—	80,711
Accrued pension benefit costs — less current portion	—	—	10,685	—	10,685
Accrued postretirement benefit costs — less current portion	56,947	27,812	790	—	85,549
Other liabilities/intercompany loan	479,213	239,124	—	(683,376)	34,961
Due to affiliates — less current portion	30,416	—	—	—	30,416
Deferred taxes	47,509	19,379	1,501	(116)	68,273
Total noncurrent liabilities	614,085	367,026	262,976	(683,492)	560,595
Shareholders' Equity:					
Common stock	59	13	320	(72)	320
Additional paid-in capital	188,424	242,818	415,453	(431,242)	415,453
Accumulated other comprehensive income (loss)	(51,665)	(521)	(52,186)	52,186	(52,186)
Retained earnings (accumulated deficit)	11,795	(56,035)	19,230	44,240	19,230
Total shareholders' equity	148,613	186,275	382,817	(334,888)	382,817
Total	$888,384	$603,369	$1,020,562	$(1,181,445)	$1,330,870

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2003

	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiary	The Company	Reclassifications and Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 104	$ —	$ 28,100	$ —	$ 28,204
Accounts receivable — net	51,131	239	—	—	51,370
Due from affiliates	101,489	23,586	455,025	(569,143)	10,957
Inventories	76,878	12,482	—	—	89,360
Prepaid and other assets	4,263	134	3,117	—	7,514
Total current assets	233,865	36,441	486,242	(569,143)	187,405
Investment in subsidiaries	78,720	—	178,483	(257,203)	—
Property, plant and equipment — net	489,502	5,299	156	—	494,957
Intangible asset — net	—	99,136	—	—	99,136
Other assets	14,877	—	13,951	—	28,828
Total	$816,964	$140,876	$678,832	$(826,346)	$810,326
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable, trade	$ 13,137	$ 21,692	$ —	$ —	$ 34,829
Due to affiliates	25,392	525	116,538	(115,316)	27,139
Industrial revenue bonds	7,815	—	—	—	7,815
Accrued and other current liabilities	8,929	5,740	15,485	—	30,154
Accrued employee benefits costs — current portion	7,306	1,628	—	—	8,934
Total current liabilities	62,579	29,585	132,023	(115,316)	108,871
Senior secured notes payable	—	—	322,310	—	322,310
Notes payable — affiliates	—	—	14,000	—	14,000
Accrued pension benefit costs — less current portion	—	—	10,764	—	10,764
Accrued postretirement benefit costs — less current portion	53,234	24,334	650	—	78,218
Other liabilities	478,892	8,237	—	(453,757)	33,372
Deferred taxes	43,776	—	11,388	(70)	55,094
Total noncurrent liabilities	575,902	32,571	359,112	(453,827)	513,758
Shareholders' Equity:					
Convertible preferred stock	—	—	25,000	—	25,000
Common stock	59	—	211	(59)	211
Additional paid-in capital	188,424	133,175	173,138	(321,599)	173,138
Accumulated other comprehensive income (loss)	(4,582)	—	(5,222)	4,582	(5,222)
Retained earnings (accumulated deficit)	(5,418)	(54,455)	(5,430)	59,873	(5,430)
Total shareholders' equity	178,783	78,720	187,697	(257,203)	187,697
Total	$816,964	$140,876	$678,832	$(826,346)	$810,326

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$811,705	$ 85,833	$ —	$ —	$ 897,538
Related parties	163,209	—	—	—	163,209
	974,914	85,833	—	—	1,060,747
Cost of goods sold	814,080	407,650	—	(337,457)	884,273
Reimbursement from owners	—	(337,738)	—	337,738	—
Gross profit (loss)	160,834	15,921	—	(281)	176,474
Selling, general and admin expenses	24,916	—	—	—	24,916
Operating income (loss)	135,918	15,921	—	(281)	151,558
Interest expense — third party	(36,281)	(3,665)	—	—	(39,946)
Interest expense — related party	(380)	(9,078)	—	9,078	(380)
Interest income	9,872	172	—	(8,958)	1,086
Net gain (loss) on forward contracts	(21,521)	—	—	—	(21,521)
Loss on early extinguishment of debt	(47,448)	—	—	—	(47,448)
Other income (expense) — net	(1,380)	43	—	32	(1,305)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries	38,780	3,393	—	(129)	42,044
Income tax (expense) benefit	(13,916)	(5,709)	—	4,731	(14,894)
Net income (loss) before equity in earnings (loss) of subsidiaries	24,864	(2,316)	—	4,602	27,150
Equity earnings (loss) of subsidiaries	(7,642)	821	27,971	(20,329)	821
Net income (loss)	$ 17,222	$ (1,495)	$27,971	$ (15,727)	$ 27,971

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2003

	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiary	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$660,593	$ —	$ —	$ —	$660,593
Related parties	121,886	—	—	—	121,886
	782,479	—	—	—	782,479
Cost of goods sold	715,816	334,020	—	(315,395)	734,441
Reimbursement from owners	—	(315,519)	—	315,519	—
Gross profit (loss)	66,663	(18,501)	—	(124)	48,038
Selling, general and admin expenses	20,833	—	—	—	20,833
Operating income (loss)	45,830	(18,501)	—	(124)	27,205
Interest expense — third party	(41,248)	(124)	—	103	(41,269)
Interest expense — related party	(2,579)	—	—	—	(2,579)
Interest income	339	—	—	—	339
Net gain on forward contracts	25,691	—	—	—	25,691
Other income (expense) — net	(653)	(56)	—	21	(688)
Income (loss) before taxes, minority interest and cumulative effect of a change in accounting principle	27,830	(18,681)	—	—	8,699
Income tax (expense) benefit	(9,564)	—	—	6,723	(2,841)
Net income (loss) before minority interest and cumulative effect of a change in accounting principle	17,816	(18,681)	—	6,723	5,858
Minority interest	—	—	—	986	986
Net income (loss) before cumulative effect of a change in accounting principle	17,816	(18,681)	—	7,709	6,844
Cumulative effect of a change in accounting principle	(5,878)	—	—	—	(5,878)
Equity earnings (loss) of subsidiaries	(10,972)	—	966	10,006	—
Net income (loss)	$ 966	$ (18,681)	$966	$ 17,715	$ 966

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2002

	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiary	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$603,744	$ —	$ —	$ —	$603,744
Related parties	107,594	—	—	—	107,594
	711,338	—	—	—	711,338
Cost of goods sold	665,032	279,614	—	(253,369)	691,277
Reimbursement from owners	—	(253,541)	—	253,541	—
Gross profit (loss)	46,306	(26,073)	—	(172)	20,061
Selling, general and admin expenses	15,783	—	—	—	15,783
Operating income (loss)	30,523	(26,073)	—	(172)	4,278
Interest expense	(40,813)	(134)	—	134	(40,813)
Interest income	392	—		—	392
Other income (expense), net	(1,830)	(51)	—	38	(1,843)
Income (loss) before taxes	(11,728)	(26,258)	—	—	(37,986)
Income tax (expense) benefit	6,144	—	—	7,982	14,126
Net income (loss) before minority interest	(5,584)	(26,258)	—	7,982	(23,860)
Minority interest	—	—	—	5,252	5,252
Equity earnings (loss) of subsidiaries	(13,024)	—	(18,608)	31,632	—
Net income (loss)	$(18,608)	$ (26,258)	$(18,608)	$ 44,866	$(18,608)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net cash provided by operating activities	$14,071	$ 91,757	$ —	$—	$ 105,828
Investing activities:					
Purchase of property, plant and equipment	(6,814)	(8,426)	—	—	(15,240)
Nordural expansion	—	(59,784)	—	—	(59,784)
Acquisitions	—	—	(198,584)	—	(198,584)
Restricted cash deposits	(1,174)	(504)	—	—	(1,678)
Net cash used in investing activities	(7,988)	(68,714)	(198,584)	—	(275,286)
Financing activities:					
Borrowings	—	883	425,000	—	425,883
Repayment of third party debt	—	(110,826)	(315,055)	—	(425,881)
Repayment of related party debt	—	—	(14,000)	—	(14,000)
Financing fees	—	—	(13,062)	—	(13,062)
Dividends	—	—	(3,311)	—	(3,311)
Intercompany transactions	(6,002)	88,659	(82,657)	—	—
Issuance of common stock	—	—	215,793	—	215,793
Net cash provided by (used in) financing activities	(6,002)	(21,284)	212,708	—	185,422
Net increase (decrease) in cash	81	1,759	14,124	—	15,964
Beginning cash	104	—	28,100	—	28,204
Ending cash	$ 185	$ 1,759	$ 42,224	$—	$ 44,168

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2003

	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net cash provided by operating activities	$ 72,825	$ 14,554	$ —	$—	$ 87,379
Investing activities:					
Purchase of property, plant and equipment	(15,809)	(3,049)	—	—	(18,858)
Acquisitions	—	—	(59,837)	—	(59,837)
Net cash used in investing activities	(15,809)	(3,049)	(59,837)	—	(78,695)
Financing activities:					
Payments	—	—	(26,000)	—	(26,000)
Financing fees	—	—	(297)	—	(297)
Dividends	—	—	(11)	—	(11)
Intercompany transactions	(57,657)	(11,505)	69,162	—	—
Issuance of common stock	—	—	736	—	736
Net cash provided by (used in) financing activities	(57,657)	(11,505)	43,590	—	(25,572)
Net increase (decrease) in cash	(641)	—	(16,247)	—	(16,888)
Beginning cash	745	—	44,347	—	45,092
Ending cash	$ 104	$ —	$ 28,100	$—	$ 28,204

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002

	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net cash provided by operating activities	$ 40,245	$ 14,241	$ —	$—	$ 54,486
Investing activities:					
Purchase of property, plant and equipment	(17,371)	(1,056)	—	—	(18,427)
Proceeds from sale of property, plant and equipment	231	—	—	—	231
Net cash used in investing activities	(17,140)	(1,056)	—	—	(18,196)
Financing activities:					
Dividends	—	—	(4,591)	—	(4,591)
Intercompany transactions	(23,380)	(13,185)	36,565	—	—
Issuance of common stock	—	—	5	—	5
Net cash provided by (used in) financing activities	(23,380)	(13,185)	31,979	—	(4,586)
Net increase (decrease) in cash	(275)	—	31,979	—	31,704
Beginning cash	1,020	—	12,368	—	13,388
Ending cash	$ 745	$ —	$44,347	$—	$ 45,092

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

As of December 31, 2004, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, the Company's management, including its Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective to ensure that the Company is able to collect, process and disclose the information it is required to disclose in the reports it files with the SEC within the required time periods.

There have not been any changes in the Company's internal controls over financial reporting for the period ended December 31, 2004 that materially affected, or were likely to materially affect, the Company's internal controls over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting for the Company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, a system of internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. The Company's system of internal controls contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

As required by Section 404 of the Sarbanes-Oxley Act, management conducted an evaluation of the effectiveness of the system of internal controls over financial reporting, exclusive of Nordural ehf, which was acquired on April 27, 2004, and whose financial statements reflect total assets and revenues constituting 35% and 8% percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2004. Management's evaluation was based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management concluded that the Company's system of internal controls over financial reporting was effective as of December 31, 2004. Management's assessment of the effectiveness of the Company's internal control over financial reporting has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in their report which appears in this Item under the heading "Report of Independent Registered Public Accounting Firm."

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Century Aluminum Company and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Annual Report on Internal Control Over Financial Reporting, management excluded from their assessment the internal control over financial reporting at Nordural ehf, which was acquired on April 27, 2004 and whose financial statements reflect total assets and revenues constituting 35% and 8% percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2004. Accordingly, our audit did not include the internal control over financial reporting at Nordural ehf. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in *Internal Control — Integrated Framew*ork issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in

Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2004 of the Company and our report on those financial statements, dated March 11, 2005, expresses an unqualified opinion and includes an explanatory paragraph as to the adoption of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations.*

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
March 11, 2005

Item 9B. *Other Information*

Effective October 1, 2004, the Compensation Committee of the Company's Board of Directors adopted an amendment to the Century Aluminum Company Supplemental Retirement Income Benefit Plan (the "SRP"). The SRP, which was originally adopted in 2001, provides select senior executives of the Company with supplemental benefits in addition to those benefits they are entitled to receive under the Company's qualified retirement plans. Those benefits include an unfunded supplemental amount equal to the amount that would normally be paid under the Company's qualified retirement plans if there were no limitations under Sections 415 and 401(a)(17) of the Internal Revenue Code of 1986, as amended. Under the terms of the First Amendment to the Century Aluminum Company Supplemental Retirement Income Benefit Plan (the "First Amendment"), final average monthly compensation for purposes of calculating the supplemental benefit will be determined by reference to compensation in the three calendar years of employment out of the last 10 calendar years of employment which produces the highest monthly average.

A copy of the First Amendment is attached as Exhibit 10.48.

PART III

Item 10. *Directors and Executive Officers of the Registrant*

Executive Officers

Information regarding the executive officers of the Company is included in Part I of this Form 10-K.

Directors

The Company's Board of Directors consists of seven members, divided into three classes: Class I, Class II and Class III. Directors in each such class are elected to serve for three-year terms, with each class standing for election in successive years. Set forth below is certain information concerning the directors of the Company.

Class III Directors with Terms to Expire in 2005

Name and Age		Business Experience and Principal Occupation or Employment During Past 5 Years; Other Directorships	Director Since
Craig A. Davis	64	Chief Executive Officer since October 15, 2003; our Chairman of the Board since August 1995; Chairman and Chief Executive Officer from August 1995 to December 2002; Director of Glencore International AG since December 1993 and Executive of Glencore from September 1990 to June 1996.	1995
Robert E. Fishman, Ph.D.(1)(3)	53	Senior Vice President of Calpine Corporation since 2001; President of PB Power, Inc. from 1998 to 2001 and Senior Vice President from 1991 to 1998.	2002

Class I Directors with Terms to Expire in 2006

Name and Age		Business Experience and Principal Occupation or Employment During Past 5 Years; Other Directorships	Director Since
Roman A. Bninski(1)	58	Partner, law firm of Curtis, Mallet-Prevost, Colt & Mosle LLP, New York, New York since 1984.	1996
Stuart M. Schreiber	51	Founder and Managing Director of Integis, Inc. since 1997; former partner of Heidrick & Struggles from 1988 to 1997.	1999
Willy R. Strothotte(5)	60	Chairman of the Board of Glencore International AG since 1994 and Chief Executive Officer from 1993 to December 2001; Chairman of the Board of Xstrata AG (formerly Südelektra Holding AG) since 1990.	1996

Class II Directors with Terms to Expire in 2007

Name and Age		Business Experience and Principal Occupation or Employment During Past 5 Years; Other Directorships	Director Since
John C. Fontaine(1)(2)(3)	73	Of Counsel, law firm of Hughes Hubbard & Reed LLP since January 2000 and partner from July 1997 to December 1999; President of Knight-Ridder, Inc. from July 1995 to July 1997; Chairman of the Samuel H. Kress Foundation; Trustee of the National Gallery of Art.	1996
John P. O'Brien(1)(2)(3)(4)	63	Managing Director of Inglewood Associates Inc. since 1990; Chairman of Allied Construction Products since March 1993; Director of Oglebay Norton Company since April 2003; Director of International Total Services, Inc. from August 1999 to January 2003; Director of American Italian Pasta Company from March 1997 to November 2002; Chairman and CEO of Jeffrey Mining Products L.P. from October 1995 to June 1999.	2000

(1) Independent director under NASD Marketplace Rule 4200(a)(15).

(2) Member of Compensation Committee.

(3) Member of Audit Committee.

(4) Audit committee financial expert.

(5) Mr. Strothotte was designated to serve as one of the Company's directors by Glencore International AG.

Independent Directors

For the year ended December 31, 2004, the Board of Directors has determined that each of Roman A. Bninski, Robert E. Fishman, John C. Fontaine, William R. Hampshire and John P. O'Brien were "independent "as such term is defined under National Association of Securities Dealers ("NASD") Marketplace Rule 4200(a)(15). Mr. Hampshire retired as a director of Century Aluminum Company effective December 31, 2004.

Audit Committee

In accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company's Board of Directors has established an Audit Committee comprised of Messrs. Fishman, Fontaine and O'Brien. The Board of Directors has designated Mr. O'Brien, who serves as Chairman of the Audit Committee, as the "audit committee financial expert," as described under

Item 401(h) of Regulation S-K under the Securities Act of 1933, as amended. Mr. O'Brien and the other members of the Audit Committee are each "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act and NASD Marketplace Rule 4200(a)(15).

The Audit Committee oversees the financial reporting process for which management is responsible, approves the engagement of the independent auditors for audit and non-audit services, monitors the independence of the independent auditors and reviews and approves all audit and non-audit services and fees, reviews the scope and results of the audit with the independent auditors, reviews the scope and results of internal audit procedures with the Company's internal auditors, evaluates and discusses with the independent auditors and management the effectiveness of the Company's system of internal accounting controls, and makes inquiries into other matters within the scope of its duties. In 2004, the Audit Committee held four meetings.

Changes to Nominating Procedures

There were no material changes to the procedures by which the Company's stockholders may recommend nominees to the Board of Directors since the Company's proxy statement with respect to its 2004 annual meeting of stockholders.

Code of Ethics

The Company has adopted a code of ethics that applies to all employees. A copy of the code of ethics is available on the Company's Internet website at www.centuryca.com and a copy will be mailed to any person, without charge, upon written request addressed to Corporate Secretary, Century Aluminum Company, 2511 Garden Road, Bldg. A, Suite 200, Monterey, California 93940. The Company intends to disclose any amendments to or waivers of the code of ethics on behalf of the Company's Chief Executive Officer, Chief Financial Officer, Controller, and persons performing similar functions, on the Company's website at the Internet website address set forth above.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons owning more than 10% of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission reports of ownership and changes in ownership of equity securities of the Company. Such persons are also required to furnish the Company with copies of all such forms. Based solely upon a review of the copies of such forms furnished to the Company and, in certain cases, written representations that no Form 5 filings were required, the Company believes that, with respect to the 2004 fiscal year, all required Section 16(a) filings were timely made, except that Form 4s that were timely filed by the Company's executive officers on April 15, 2004 to report the vesting of performance shares were subsequently amended on May 6, 2004 to report the shares withheld by the Company to satisfy tax withholding obligations.

Item 11. ***Executive Compensation***

Summary Compensation Table

The following table sets forth information with respect to the compensation paid or awarded by the Company to the individual who served as Chief Executive Officer and the Company's other most highly compensated executive officers (collectively, the "Named Executive Officers") for services rendered in all capacities during 2002, 2003 and 2004.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation: Salary ($)	Annual Compensation: Bonus ($)	Annual Compensation: Other Annual Compensation ($) (1)	Long-Term Compensation Awards/Payouts: LTIP Payouts ($) (2)	All Other Compensation ($) (3)
Craig A. Davis(4)	2004	$809,167	$1,810,000	-0-	—	$ 9,600
Chairman and Chief	2003	$558,333	$ 525,000	-0-	$1,092,036	$ 8,400
Executive Officer	2002	$728,708	$ 390,000	$91,283	-0-	$ 7,200
Gerald J. Kitchen	2004	$281,292	$ 497,775	-0-	—	$24,848
Executive Vice	2003	$269,333	$ 130,000	-0-	$ 292,917	$27,179
President, General	2002	$264,897	$ 85,000	$41,808	-0-	$30,745
Counsel, Chief						
Administrative						
Officer and Secretary						
David W. Beckley.......	2004	$279,083	$ 431,200	-0-	—	$13,065
Executive Vice	2003	$266,896	$ 129,000	-0-	$ 289,929	$10,845
President and Chief	2002	$260,905	$ 85,000	-0-	-0-	$ 9,645
Financial Officer						
E. Jack Gates(5)	2004	$310,417	$ 511,250	-0-	—	$14,249
Executive Vice	2003	$235,842	$ 125,000	-0-	$ 165,539	$13,114
President and	2002	$189,000	$ 80,000	-0-	-0-	$ 8,690
Chief Operating Officer						
Daniel J. Krofcheck	2004	$195,292	$ 341,700	-0-	—	$13,202
Vice President and	2003	$187,135	$ 86,000	$ 5,795	$ 159,340	$14,456
Treasurer	2002	$179,884	$ 75,000	-0-	-0-	$13,870

(1) Represents reimbursement of interest on funds borrowed to pay estimated taxes due upon the vesting of performance share grants.

(2) On or about March 21, 2005, the compensation committee of the Company's board of directors may award performance share units to the named executive officers based on the Company's attainment of certain award targets for the three-year period from 2002 through 2004. See "Long-Term Incentive Plan Awards Table." LTIP Payouts for 2003 represent the value realized by the named executive officers for performance share units that vested based on the Company's achievement of award targets for the three-year period from 2001 through 2003, as determined by the Company's Compensation Committee on April 13, 2004. The value of the vested performance share units was calculated using a per share price of $24.35, the last reported sale price of the Company's common stock on the NASDAQ National Market on April 13, 2004, the date of vesting. Also includes accrued dividend equivalents paid to Messrs. Davis, Kitchen, Beckley, Gates and Krofcheck upon the vesting of the performance share units in the amounts of $15,474, $4,151, $4,108, $2,346 and $2,258, respectively.

(3) All other compensation is comprised of matching contributions under the Company's Defined Contribution Retirement Plan for each of the named executive officers. In 2004, those contributions were $9,600 for each of Messrs. Davis, Kitchen, Beckley and Gates and $6,879 for Mr. Krofcheck. All other compensation also includes Company-paid life insurance premiums in 2004 in the amounts of $2,445, $3,465, $4,055 and $3,415 for Messrs. Kitchen, Beckley, Gates and Krofcheck, respectively, and $12,803,

$2,908, and $594 for imputed interest income for below-market interest rate tax loans for Messrs. Kitchen, Krofcheck, and Gates, respectively.

(4) Mr. Davis served as Chairman and Chief Executive Officer until January 1, 2003, when he was succeeded as Chief Executive Officer. Mr. Davis continued to serve as Chairman of the Board of Directors and was reelected as Chief Executive Officer on October 15, 2003.

(5) Mr. Gates was elected Executive Vice President effective April 1, 2003.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Value Table

The following table sets forth information regarding the shares acquired and value realized by the Named Executive Officers upon the exercise of options during 2004 and the aggregate number and value of options held by the Named Executive Officers at December 31, 2004.

Aggregated Option Exercises in Last Fiscal Year and FY-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized ($) (1)	Number of Shares Underlying Unexercised Options at December 31, 2004 (#): Exercisable	Unexercisable	Value of Unexercised Options at December 31, 2004 ($) (2): Exercisable	Unexercisable
Craig A. Davis	127,000	$1,468,881	23,000	0	$304,980	—
Gerald J. Kitchen ...	61,666	$ 711,711	0	0	—	—
David W. Beckley ...	80,000	$ 925,612	0	0	—	—
E. Jack Gates.......	10,000	$ 177,973	10,000	0	$192,100	—
Daniel J. Krofcheck	—	—	10,000	0	$100,100	—

(1) The value realized represents the difference between the exercise price of the options and the last reported sale price of the Company's common stock on the NASDAQ National Market on the respective dates the options were exercised.

Value of unexercised options is calculated on the basis of the difference between the respective option exercise prices and $26.26, the last reported sale price for the Company's common stock on the NASDAQ National Market on December 31, 2004.

Long-Term Incentive Plan Awards Table

The following table sets forth information with respect to performance shares awarded to the Named Executive Officers during 2004 under the Company's 1996 Stock Incentive Plan (the "1996 Plan").

Long-Term Incentive Plans — Awards in Last Fiscal Year

Name	Performance Shares (#) (1)	Performance or Other Period until Maturation or Payout	Estimated Future Common Stock Payouts Under Non-Stock Price-Based Plans: Threshold (#)	Target (#) (2)	Maximum (#) (3)
Craig A. Davis..........	27,887	2004-2006	-0-	27,887	41,831
Gerald J. Kitchen	7,837	2004-2006	-0-	7,837	11,756
David W. Beckley	7,780	2004-2006	-0-	7,780	11,670
E. Jack Gates	8,581	2004-2006	-0-	8,581	12,872
Daniel J. Krofcheck	4,076	2004-2006	-0-	4,076	6,114

(1) Performance shares represent shares of the Company's common stock that, upon vesting, are issued to the award recipient. Except as described herein, performance shares are forfeited if the award recipient is not employed full-time by the Company at the end of the award cycle period. In the event of death,

disability or retirement, the award recipient will receive a pro rata award based upon the number of weeks employed during the award cycle period. To the extent dividends are paid on the Company's common stock, dividend equivalents accrue on performance shares and are paid upon vesting.

(2) Target payouts represent the target number of shares that will vest if the Company achieves specified performance targets ("Award Targets") in their entirety for the period. Award Targets are based upon guidelines adopted under the 1996 Plan. The Compensation Committee of the Board of Directors has retained full discretion to modify awards under the guidelines. If Award Targets are not achieved in their entirety, awards may be adjusted downward or eliminated in their entirety. In addition, regardless of performance against Award Targets, the committee's discretion includes the right to determine that, should circumstances warrant, no award would be payable.

(3) Maximum payouts represent the maximum number of shares that the Compensation Committee is authorized to award if the Company exceeds all of its Award Targets. In cases where the target is exceeded, the number of shares vested in excess of the target number of shares is calculated by converting the excess award into cash and reconverting the excess award into shares at the greater of (i) the share price at the time of the award, or (ii) the average share price for the month preceding the month in which the shares vest.

Pension Plan Table

The Company maintains a non-contributory defined benefit pension plan for salaried employees of the Company who meet certain eligibility requirements. The following table shows estimated annual benefits payable upon retirement in specified compensation and years of service classifications. The figures shown include supplemental benefits payable to the Named Executive Officers, exclusive of benefits payable under the enhanced supplemental retirement plan described below.

	Years of Credited Service							
Remuneration	5	10	15	20	25	30	35	40
$100,000	$ 7,500	$ 15,000	$ 22,500	$ 30,000	$ 37,500	$ 45,000	$ 52,500	$ 60,000
$200,000	$ 15,000	$ 30,000	$ 45,000	$ 60,000	$ 75,000	$ 90,000	$ 105,000	$ 120,000
$300,000	$ 22,500	$ 45,000	$ 67,500	$ 90,000	$ 112,500	$ 135,000	$ 157,500	$ 180,000
$400,000	$ 30,000	$ 60,000	$ 90,000	$ 120,000	$ 150,000	$ 180,000	$ 210,000	$ 240,000
$500,000	$ 37,500	$ 75,000	$112,500	$ 150,000	$ 187,500	$ 225,000	$ 262,500	$ 300,000
$600,000	$ 45,000	$ 90,000	$135,000	$ 180,000	$ 225,000	$ 270,000	$ 315,000	$ 360,000
$700,000	$ 52,500	$105,000	$157,500	$ 210,000	$ 262,500	$ 315,000	$ 367,500	$ 420,000
$800,000	$ 60,000	$120,000	$180,000	$ 240,000	$ 300,000	$ 360,000	$ 420,000	$ 480,000
$900,000	$ 67,500	$135,000	$202,500	$ 270,000	$ 337,500	$ 405,000	$ 472,500	$ 540,000
$1,000,000	$ 75,000	$150,000	$225,000	$ 300,000	$ 375,000	$ 450,000	$ 525,000	$ 600,000
$1,100,000	$ 82,500	$165,000	$247,500	$ 330,000	$ 412,500	$ 495,000	$ 577,500	$ 660,000
$1,200,000	$ 90,000	$180,000	$270,000	$ 360,000	$ 450,000	$ 540,000	$ 630,000	$ 720,000
$1,600,000	$120,000	$240,000	$360,000	$ 480,000	$ 600,000	$ 720,000	$ 840,000	$ 960,000
$2,000,000	$150,000	$300,000	$450,000	$ 600,000	$ 750,000	$ 900,000	$1,050,000	$1,200,000
$2,400,000	$180,000	$360,000	$540,000	$ 720,000	$ 900,000	$1,080,000	$1,260,000	$1,440,000
$2,800,000	$210,000	$420,000	$630,000	$ 840,000	$1,050,000	$1,260,000	$1,470,000	$1,680,000
$3,200,000	$240,000	$480,000	$720,000	$ 960,000	$1,200,000	$1,440,000	$1,680,000	$1,920,000

The plan provides lifetime annual benefits starting at age 62 equal to 12 multiplied by the greater of: (i) 1.5% of final average monthly compensation multiplied by years of credited service (up to 40 years), or (ii) $22.25 multiplied by years of credited service (up to 40 years), less the total monthly vested benefit payable as a life annuity at age 62 under plans of a predecessor. Final average monthly compensation means the highest monthly average for 36 consecutive months in the 120-month period ending on the last day of the calendar month completed at or prior to a termination of service. Participants' pension rights vest after a five-

year period of service. An early retirement benefit (actuarially reduced beginning at age 55) and a disability benefit are also available.

The compensation covered by the plan includes all compensation, subject to certain exclusions, before any reduction for 401(k) contributions, subject to the maximum limits under the Internal Revenue Code of 1986, as amended (the "Code"). The years of credited service for Messrs. Davis, Kitchen, Beckley, Gates and Krofcheck at December 31, 2004, were approximately 12, 9, 9, 4 and 7, respectively.

Supplemental Retirement Income Benefit Plan

The Company adopted a Supplemental Retirement Income Benefit Plan, or SRP, in 2001. The SRP provides selected senior executives with supplemental benefits in addition to those benefits they are entitled to receive under the Company's qualified retirement plans. Those benefits include an unfunded supplemental amount equal to the amount that would normally be paid under the Company's qualified retirement plans if there were no limitations under Sections 415 and 401(a)(17) of the Code. In addition, final average monthly compensation for purposes of calculating the supplemental benefit will be determined by reference to compensation in the three calendar years of employment out of the last 10 calendar years of employment which produces the highest monthly average. Messrs. Davis, Gates, Kitchen and Beckley participate in these benefits.

The SRP also permits selected senior executives to achieve estimated levels of retirement income when, due to the executive's age and potential years of service at normal retirement age, benefits under the Company's existing qualified and nonqualified defined benefit pension plans are projected to be less than a specified percentage of the executive's estimated final average annual pay. Messrs. Davis, Kitchen and Beckley were selected to participate in these benefits at 50% of their estimated final average compensation during each executive's final five years of service. The Company believes this level of retirement benefits is commensurate with retirement benefits paid to senior executives of comparable companies. Under the Enhanced SRP, these senior executives will be entitled to receive an annual supplemental retirement benefit in the following amounts if, from January 1, 2001, they remain employed by the Company for a period of the Company's years in the case of Mr. Davis and five years in the cases of Messrs. Kitchen and Beckley: Craig A. Davis, $425,000; Gerald J. Kitchen, $145,000; and David W. Beckley, $145,000. If an executive's employment is terminated prior to the end of the requisite period, the annual supplemental retirement benefit will be reduced pro rata for each year of employment less than the required four or five years. However, an executive will receive the full benefit in the event of disability, change in control or termination of employment without cause. The Company has invested funds to meet the Enhanced SRP obligations through the purchase of key-man life insurance policies on the lives of the participating executives. The policies are owned by the Company and have been placed in Rabbi Trusts to secure the Company's payment obligations.

Employment Agreements

The Company has employment agreements with each of Messrs. Craig A. Davis, Gerald J. Kitchen and David W. Beckley, which were amended effective December 9, 2003, that provide for terms of employment through December 31, 2005. The Company also has an employment agreement with Mr. E. Jack Gates, effective October 14, 2003, that provides for a term of employment of two years. The employment agreements with Messrs. Davis, Kitchen, Beckley and Gates provide that their base salaries may not be reduced below $780,000, $274,000, $272,000 and $300,000 per year, respectively. The agreements further provide that the base salaries are subject to increase from time to time at the discretion of the Board of Directors. In addition, the executives are eligible for bonuses in accordance with the Company's annual incentive plan and stock option grants and performance share awards under Century's 1996 Stock Incentive Plan. Under the terms of Mr. Davis' agreement, he will be eligible to receive a retention bonus on or before the end of 2005 equal to one year of his then-current base pay and a success bonus, in an amount to be determined by the Compensation Committee, if the Company consummates one or more transactions which are deemed to have "transformed" the Company. Upon termination of employment "without cause," the terminated executive will be entitled to receive termination payments equal to 100% of his base salary and bonus (based on the highest annual bonus payment within the prior three years) for the remainder of the term of the agreement (with a minimum of one year's salary plus bonus). Any termination payments under the employment agreements may not be duplicated under the severance compensation agreements described below.

Severance Compensation Arrangements

The Company is party to severance compensation agreements with each of Messrs. Craig A. Davis, Gerald J. Kitchen, David W. Beckley and E. Jack Gates. The agreements provide that if within 36 months following a change in control of the company, the executive's employment is terminated either: (i) by the Company for other than cause or disability, or (ii) by such executive for good reason, then such executive will receive a lump sum payment equal to three times the aggregate of the highest base salary and the highest bonus received by such executive in any of the most recent five years. Also, upon a change in control, the exercisability of stock options and the vesting of performance shares held by such executives will be accelerated.

The Code imposes certain excise taxes on, and limits the deductibility of, certain compensatory payments made by a corporation to or for the benefit of certain individuals if such payments are contingent upon certain changes in the ownership or effective control of the corporation or the ownership of a substantial portion of the assets of the corporation, provided that such payments to the individual have an aggregate present value in excess of three times the individual's annualized includible compensation for the base period, as defined in the Code. The agreements provide for additional payments to the executives in order to fully offset any excise taxes payable by an executive as a result of the payments and benefits provided in the severance compensation agreements.

Directors' Compensation

Directors who are full-time salaried employees of the Company are not compensated for their service on the Board or on any Board Committee. Non-employee directors receive an annual retainer of $25,000 for their services. In addition, each non-employee director received a fee of $2,000 during 2004 for each Board or Board Committee meeting attended, except for Mr. O'Brien, who, in his capacity as Chairman of the Audit Committee, received $3,000 per Audit Committee meeting attended. All directors are reimbursed for their travel and other expenses incurred in attending Board and Board Committee meetings.

Under the Company's Non-Employee Directors Stock Option Plan, each director who is not an employee of the Company received a one-time grant of options to purchase 10,000 shares of common stock. Mr. Bninski's grant became effective upon the consummation of the Company's initial public offering at an exercise price equal to the initial public offering price, while grants to Messrs. Fishman, Fontaine, O'Brien, Schreiber, and Strothotte became effective upon their election as directors at an exercise price equal to the market price of the Company's common stock at such times. One-third of the options vested on the grant date, and an additional one-third will vest or vested on each of the first and second anniversaries of the grant date. In addition, the Non-Employee Directors Stock Option Plan provides for annual grants of options to each non-employee director continuing in office after the annual meeting of stockholders each year at an exercise price equal to the market price of such shares on the date of the grant. During 2004, non-employee directors each received options to purchase 3,000 shares.

Compensation Committee Interlocks and Insider Participation

During 2004, the members of the Compensation Committee were Messrs. John C. Fontaine, William R. Hampshire and John P. O'Brien. Mr. Hampshire served as President and Chief Operating Officer of Century Aluminum of West Virginia, Inc. (formerly Ravenswood Aluminum Corporation and a subsidiary of Century Aluminum Company) from April 1992 through January 1993. Mr. Hampshire retired as a director of Century Aluminum Company effective December 31, 2004.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Security Ownership of Certain Beneficial Owners and Management

As of March 11, 2005, the Company had 32,070,306 shares of common stock outstanding. The following table sets forth certain information concerning the beneficial ownership of the Company's common stock as of March 15, 2005 (except as otherwise noted) by: (i) each person known by the Company to be the beneficial owner of five percent or more of the outstanding shares of common stock, (ii) each director of the Company, (iii) each executive officer of the Company named in the Summary Compensation Table under the heading *"Executive Compensation"* below, and (iv) all directors and executive officers of the Company as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Class
Glencore International AG	9,320,089(2)	29.1
David W. Beckley	33,070	*
Roman A. Bninski	25,750(3)	*
Craig A. Davis	217,379(4)	*
Robert E. Fishman	2,250(5)	*
John C. Fontaine	9,500(6)	*
E. Jack Gates	18,178(7)	*
Gerald J. Kitchen	30,350	*
Daniel J. Krofcheck	14,967(8)	*
John P. O'Brien	24,250(9)	*
Stuart M. Schreiber	21,500(10)	*
Willy R. Strothotte	25,750(11)	*
All directors and executive officers as a group (13 persons)	430,459(12)	1.3

* Less than one percent.

(1) Each individual or entity has sole voting and investment power, except as otherwise indicated.

(2) Based upon information set forth in a Schedule 13D filing dated May 25, 2004, Glencore International AG beneficially owns such shares through its subsidiary, Glencore AG. The business address of each of Glencore International AG and Glencore AG is Baarermattstrasse 3, P.O. Box 555, CH 6341, Baar, Switzerland.

(3) Includes 25,750 shares which are subject to presently exercisable options.

(4) Includes 23,000 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG, of which Mr. Davis is a director.

(5) Includes 2,250 shares which are subject to presently exercisable options.

(6) Includes 9,250 shares which are subject to presently exercisable options. Also includes 250 shares that Mr. Fontaine owns jointly with his wife.

(7) Includes 10,000 shares which are subject to presently exercisable options.

(8) Includes 10,000 shares which are subject to presently exercisable options.

(9) Includes 19,250 shares which are subject to presently exercisable options.

(10) Includes 21,250 shares which are subject to presently exercisable options.

(11) Includes 25,750 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG, of which Mr. Strothotte serves as Chairman.

(12) Includes 146,500 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG.

Securities Authorized for Issuance under Equity Compensation Plans

Equity Compensation Plan Information(1)
As of December 31, 2004

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options	Weighted Average Exercise Price	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans, Excluding Outstanding Options(2)
Equity compensation plans approved by security holders	321,430	$16.15	1,660,255
Total	321,430	$16.15	1,660,255

(1) All equity compensation plan information presented in this table relates to the following plans approved by the Company's shareholders:

1996 Stock Incentive Plan

Non-Employee Directors Stock Option Plan

(2) Includes 536,211 unvested performance shares to be awarded pursuant to the Company's 1996 Stock Incentive Plan (the "Plan") upon attainment of certain performance objectives. The performance shares vest and are issued in accordance with the guidelines set forth in the Plan, as implemented by the Company's Board of Directors.

Item 13. *Certain Relationships and Related Transactions*

Purchases from Glencore

In 2004, the Company purchased alumina, primary aluminum and an alumina option from Glencore International AG and its subsidiaries (collectively, "Glencore"). Such purchases, which were made on an arms'-length basis at market prices, totaled $100.1 million in 2004. During 2004, the Company purchased from Glencore all of its alumina requirements for the Ravenswood facility and its 49.67% interest in the Mt. Holly facility under separate supply agreements. The supply agreements for Ravenswood and 54% of the Company's alumina requirements for Mt. Holly run through 2006. The supply agreement for the remaining 46% of the Company's requirements for Mt. Holly runs through January 31, 2008.

Sales to Glencore

The Company sold primary aluminum to Glencore in 2004 on an arms'-length basis at market prices. For the year ended December 31, 2004, net sales to Glencore amounted to $163.2 million, including gains and losses realized on the settlement of financial contracts. Sales of primary aluminum to Glencore amounted to 15.4% of the Company's total revenues in 2004.

Century is party to a contract to sell Glencore approximately 110 million pounds of primary aluminum produced at the Mt. Holly facility each year through December 31, 2009 at a variable price determined by reference to the LME. In addition to this contract, the Company had forward delivery commitments to sell 948 million pounds of primary aluminum to Glencore at December 31, 2004.

As of December 31, 2004, the Company had outstanding forward financial sales contracts with Glencore for 1,686.4 million pounds of primary aluminum, of which 1,023.7 million pounds were designated as cash flow hedges. These financial sales contracts are scheduled for settlement at various dates through 2010. In November 2004, the Company entered into a forward financial sales contract with Glencore for the years 2006 through 2010. Under this contract, which is for a minimum of 662.7 million pounds of primary aluminum, the volume of forward sales each month would double if the market price for primary aluminum meets or exceeds a stated threshold during that month. The Company intends to continue to enter into hedging arrangements with Glencore in the future.

Other Transactions with Glencore

Repayment of the Hawesville Note

In April 2004, the Company's paid the remaining $14.0 million of principal plus accrued interest that was outstanding under a six-year $40 million promissory note issued to Glencore in April 2003 (the "Hawesville Note"). The Hawesville Note, which was issued in connection with the Company's acquisition of Glencore's 20% interest in the Hawesville facility (the "20% Hawesville Interest"), bore interest at a rate of 10% per annum and was secured by a first priority security interest in the 20% Hawesville Interest.

Preferred Stock

In connection with the acquisition of the Hawesville facility in April 2001, the Company issued 500,000 shares of its convertible preferred stock to Glencore for a purchase price of $25.0 million. The Company was required to pay dividends on the preferred stock at a rate of 8% per year, which was cumulative (see Item 8 Consolidated financial statements, Note 8). In May 2004, the Company used proceeds from its April 2004 equity offering to pay $3.3 million in dividend arrearages on the convertible preferred stock held by Glencore. Subsequent to the dividend payment in May 2004, Glencore converted the 500,000 shares of the Company's convertible preferred stock it owned into 1,395,089 shares of the Company's common stock, representing a conversion price of $17.92 per share. The conversion was effected in accordance with the terms of the Certificate of Designation for the preferred stock.

Nordural Tolling Agreement

On August 1, 2004, the Company entered into a ten-year LME-based alumina tolling agreement with Glencore for 198 million pounds of the expansion capacity at the Nordural facility. The term of the agreement will begin upon completion of the expansion, which is expected to be in late-2006. See Item 7 "Management's Discussion and Analysis — Key Long-Term Primary Aluminum Sales Contracts."

Letter of Credit for Industrial Revenue Bonds

The IRBs are secured by a Glencore guaranteed letter of credit. The Company has agreed to reimburse Glencore for all costs related to the letter of credit, including servicing costs, and has secured its reimbursement obligation with a first priority security interest in the 20% Hawesville Interest.

Certain Business Relationships

Mr. Craig A. Davis, Chief Executive Officer and Chairman of the Company, is a director of Glencore International AG and was an executive of Glencore International AG and Glencore AG from September 1990 until June 1996.

Mr. Willy R. Strothotte, a director of the Company, is Chairman of the Board of Directors of Glencore International AG and served as its Chief Executive Officer from 1993 through 2001.

Mr. Roman A. Bninski, a director of the Company, is a partner of Curtis, Mallet-Prevost, Colt & Mosle LLP, which furnishes legal services to the Company and Glencore.

Mr. Stuart M. Schreiber, a director of the Company, is the managing director and owner of Integis, Inc., which received $221,612 in fees for management and executive search services provided to the Company in 2004.

Indebtedness of Management

Until July 30, 2002, the Company sponsored a program whereby it offered full-recourse loans to its executives to pay their tax liability upon the award of stock grants or the vesting of performance shares (the "Tax Loans"). Each Tax Loan is secured by the vested or awarded shares valued at not less than twice the amount of the Tax Loans and must be repaid on the earlier of: (i) January 2, 2017 (the "Due Date"), (ii) on a pro rata basis, upon the sale of any shares securing the Tax Loan prior to the Due Date, or (iii) 120 days following the termination of the executive's employment. The Company pays the interest on the Tax Loan for each executive, which is equal to the applicable short-term federal funds rate, compounded semi-annually. In order to comply with the requirements of Section 402 of the Sarbanes-Oxley Act of 2002, the Company eliminated its Tax Loan and relocation loan programs effective July 30, 2002. Any loans outstanding under those programs as of such date will be repaid in accordance with their original terms.

During 2004, the following executives had amounts outstanding under the Company's Tax Loan program:

Name	Position	Largest Aggregate Amount of Tax Loans Outstanding during 2004	Aggregate Tax Loans Outstanding at 3/15/2005
Gerald J. Kitchen	Executive Vice President, General Counsel, Chief Administrative Officer and Secretary	$287,000	$0
Daniel J. Krofcheck . . .	Vice President and Treasurer	$ 81,732	$0
Peter C. McGuire	Vice President and Associate General Counsel	$ 68,992	$0
E. Jack Gates	Executive Vice President, Chief Operating Officer	$ 12,348	$0

Item 14. ***Principal Accountant Fees and Services***

In addition to performing the audit of the Company's consolidated financial statements, Deloitte & Touche LLP provided various other services for the Company during the last two years. The aggregate fees billed for the last two years for each of the following categories of services are set forth below:

	2004	2003
Audit Fees	$2,264,000	$ 925,000
Audit-Related Fees	90,000	115,000
Tax Fees	275,000	175,000
All Other Fees	—	224,000
Total All Fees	$2,629,000	$1,439,000

Audit Fees. Audit Fees include professional services rendered in connection with the audit of the Company's consolidated financial statements, audit of management's assessment of the effectiveness of the Company's internal control over financial reporting, audit of the effectiveness of the Company's internal control over financial reporting, audit of the opening balance sheet of acquisitions accounted for as a purchase, reviews of the consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q, consultation on accounting matters, and review of documents filed with the Securities and Exchange Commission.

Audit-Related Fees. Audit-Related Fees include audits of the Company's employee benefit plans and consultation on accounting matters or transactions.

Tax Fees. Tax fees include the preparation of federal and state tax returns, and consultation related to tax planning, tax advice, tax compliance, and acquisitions.

All Other Fees. The aggregate fees for all other services include actuarial services and evaluation and design of various employee benefit matters including consultation on employee benefit matters related to acquisitions in 2003.

Effective March 2003, the Audit Committee of the Board of Directors implemented pre-approval procedures with respect to the provision of audit and non-audit services as required by regulations adopted by the Securities and Exchange Commission. These pre-approval procedures were not required prior to May

2003, and, accordingly, the services rendered by Deloitte & Touche LLP during the first quarter of 2003 were not subject to pre-approval.

All services rendered by Deloitte & Touche LLP are pre-approved by the Audit Committee in accordance with the Committee's pre-approval procedures. Under those procedures, the terms and fees of annual audit services, and changes thereto, must be approved by the Audit Committee. The Audit Committee also pre-approves the scope of audit-related, tax and other non-audit services that may be performed by the Company's independent auditors during the fiscal year, subject to dollar limitations set by the Committee. The foregoing pre-approval procedures are subject to the de minimis exceptions for non-audit services described in Section 10A (i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to completion of the audit. All of the audit and non-audit services furnished subsequent to the Committee's implementation of its pre-approval procedures in March 2003 were pre-approved by the Audit Committee.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a)(1) List of Financial Statements

The following Consolidated Financial Statements of Century Aluminum Company and the Independent Auditors' Report are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets at December 31, 2004 and 2003.

Consolidated Statements of Operations for the years ended December 31, 2004, 2003 and 2002.

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002.

Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002.

Notes to the Consolidated Financial Statements.

(a)(2) List of Financial Statement Schedules

Report of Independent Registered Public Accounting Firm.

Schedule II — Valuation and Qualifying Accounts for the years ended December 31, 2004, 2003 and 2002.

(a)(3) List of Exhibits

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
2.1	Asset Purchase Agreement, dated as of April 1, 2003, by and among Glencore, Ltd., Glencore Acquisition I LLC, Hancock Aluminum LLC and Century Aluminum Company	8-K	000-27918	April 16, 2003	
2.2	Secured Promissory Note, dated April 1, 2003, by Century Aluminum Company in favor of Glencore Acquisition I LLC for the principal amount of $40 million	8-K	000-27918	April 16, 2003	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
2.3	Secured Promissory Note, dated April 1, 2003, by Century Aluminum Company in favor of Glencore Ltd.	8-K	000-27918	April 16, 2003	
2.4	Guaranty Agreement, dated as April 1, 2003, by and among Hancock Aluminum LLC, Century Kentucky, Inc., NSA Ltd., Century Aluminum of West Virginia, Inc., Berkeley Aluminum, Inc., Metalsco, Ltd., Skyliner, Inc. for the benefit of Glencore Acquisition I LLC and Glencore Ltd.	8-K	000-27918	April 16, 2003	
2.5	Security Agreement, dated as of April 1, 2003, by and among Hancock Aluminum LLC, Glencore Ltd. and Glencore Acquisition I LLC	8-K	000-27918	April 16, 2003	
3.1	Restated Certificate of Incorporation of Century Aluminum Company, as amended	S-1 10-Q	33-95486 000-27918	August 8, 1995 August 11, 2003	
3.2	Amended and Restated Bylaws of Century Aluminum Company	10-Q	000-27918	August 11, 2003	
4.1	Form of Stock Certificate	S-1	33-95486	August 8, 1995	
4.2	Purchase Agreement for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated March 28, 2001, by and among Century Aluminum Company, Century Aluminum of West Virginia, Inc., Berkeley Aluminum, Inc., Century Kentucky, Inc. and Virgin Islands Alumina Corporation LLC and Credit Suisse First Boston Corporation and Fleet Securities, Inc., as Initial Purchasers	8-K	000-27918	April 17, 2001	
4.3	Indenture for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated April 2, 2001, by and among Century Aluminum Company, the Guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	April 17, 2001	
4.4	Amendment to Indenture for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated as of May 5, 2003, by and among Century Aluminum Company, the Guarantors party thereto and Wilmington Trust Company, as trustee	10-Q	000-27918	August 11, 2003	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.5	Third Supplemental Indenture for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated as of August 6, 2004, among Century Aluminum Company, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	
4.6	Registration Rights Agreement for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated April 2, 2001, by and among Century Aluminum Company, the Guarantors party thereto and Credit Suisse First Boston Corporation and Fleet Securities, Inc., as Initial Purchasers	8-K	000-27918	April 17, 2001	
4.7	Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of April 2, 2001, from NSA, Ltd. for the benefit of Wilmington Trust Company, as collateral agent	8-K	000-27918	April 17, 2001	
4.8	Deed of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing, dated as of April 2, 2001, from Century Aluminum of West Virginia, Inc. for the benefit of Wilmington Trust Company, as collateral agent	8-K	000-27918	April 17, 2001	
4.9	Pledge and Security Agreement, dated as of April 2, 2001, by Century Aluminum Company as Pledgor and the other Pledgors party thereto in favor of Wilmington Trust Company, as collateral agent	8-K	000-27918	April 17, 2001	
4.10	Purchase Agreement for Century Aluminum Company's 7.5% Senior Notes, dated August 10, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.11	Indenture for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.12	Registration Rights Agreement for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, the guarantors party thereto and Credit Suisse First Boston LLC, as Representative of the Initial Purchasers	8-K	000-27918	September 1, 2004	
4.13	Purchase Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 30, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.14	Indenture for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.15	Supplemental Indenture No. 1 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.16	Supplemental Indenture No. 2 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.17	Registration Rights Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the initial purchasers set forth therein	S-1	333-121255	December 14, 2004	
10.1	Agreement, dated June 12, 1992, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	
10.2	Agreement, dated November 30, 1994, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	
10.3	Extension of Labor Agreement, dated February 21, 2002, by and between Century Aluminum of West Virginia, Inc. and the United Steelworkers of America AFL-CIO	10-Q	000-27918	May 14, 2002	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.4	Amended and Restated Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Craig A. Davis*	10-K	000-27918	February 26, 2004	
10.5	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 2002	
10.6	Amendment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Gerald J. Kitchen*	10-K	000-27918	February 26, 2004	
10.7	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 2002	
10.8	Amendment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and David W. Beckley*	10-K	000-27918	February 26, 2004	
10.9	Employment Agreement, effective as October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.10	Form of Severance Agreement by and between Century Aluminum Company and Craig A. Davis*	S-1	33-95486	March 28, 1996	
10.11	Amendment to Severance Protection Agreement by and between Century Aluminum Company and Craig A. Davis*	10-Q	000-27918	May 14, 1999	
10.12	Form of Severance Agreement by and between Century Aluminum Company and Gerald J. Kitchen*	S-1	33-95486	March 28, 1996	
10.13	Amendment to Severance Protection Agreement by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 1999	
10.14	Form of Severance Agreement by and between Century Aluminum Company and David W. Beckley*	S-1	33-95486	March 28, 1996	
10.15	Amendment to Severance Protection Agreement by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 1999	
10.16	Severance Protection Agreement, dated as of October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.17	1996 Stock Incentive Plan as amended through June 28, 2001*	10-Q	000-27918	August 14, 2001	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.18	Non-Employee Directors Stock Option Plan*	S-1	33-95486	March 28, 1996	
10.19	Amended and Restated Asset Purchase Agreement, dated as of December 13, 1988, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Acquisition Corporation	S-1	33-95486	March 28, 1996	
10.20	Acquisition Agreement, dated July 19, 1995, by and between Virgin Islands Alumina Corporation and St. Croix Alumina, L.L.C.	S-1	33-95486	March 28, 1996	
10.21	Ravenswood Environmental Services Agreement, dated as of February 7, 1989, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Aluminum Corporation	S-1	33-95486	March 28, 1996	
10.22	Asset Purchase Agreement, dated as of March 31, 2000, by and between Xstrata Aluminum Corporation and Berkeley Aluminum, Inc.	8-K	000-27918	April 20, 2000	
10.23	Form of Tax Sharing Agreement	S-1	33-95486	March 28, 1996	
10.24	Form of Disaffiliation Agreement	S-1	33-95486	March 28, 1996	
10.25	Amended and Restated Owners Agreement, dated as of January 26, 1996, by and between Alumax of South Carolina, Inc., Berkeley Aluminum, Inc. and Glencore Primary Aluminum Company LLC	S-1	33-95486	March 28, 1996	
10.26	Century Aluminum Company 1996 Stock Incentive Plan Implementation Guidelines (as amended December 14, 2001)*	10-Q	000-27918	August 11, 2003	
10.27	Limited Term Firm Power Supply Agreement, dated as of June 28, 1996, by and between Ravenswood Aluminum Corporation and Ohio Power Company	10-K	000-27918	March 27, 1997	
10.28	Amendment No. 1 to the Limited Term Firm Power Supply Agreement, dated as of June 28, 1996, by and between Ravenswood Aluminum Corporation and Ohio Power Company	10-K	000-27918	February 26, 2004	
10.29	Century Aluminum Company Incentive Compensation Plan*	10-Q	000-27918	August 14, 1998	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.30	Revolving Credit Agreement, dated as of April 2, 2001, by and among Century Aluminum Company, Century Aluminum of West Virginia, Inc., Berkeley Aluminum, Inc., Century Kentucky, Inc., Metalsco, Ltd. and NSA, Ltd., as borrowers, the lending institutions listed on Schedule 1 thereto, as Lenders, Fleet Capital Corporation, as Agent, Fleet Securities Inc., as Arranger, and Credit Suisse First Boston, Inc., as Syndication Agent	10-Q	000-27918	August 14, 2001	
10.31	Collective Bargaining Agreement, effective April 2, 2001, by and between Century Aluminum of Kentucky, LLC and the United Steelworkers of America, AFL-CIO-CLC	10-Q	000-27918	August 14, 2001	
10.32	Owners Agreement, dated as of April 2, 2001, by and among NSA, Ltd., Glencore Acquisition I LLC and Century Aluminum Kentucky, LLC	10-Q	000-27918	August 14, 2001	
10.33	Shared Services Agreement, dated April 2, 2001, by and among Century Aluminum Company, NSA, Ltd., Glencore Acquisition I LLC and Southwire Company	10-Q	000-27918	August 14, 2001	
10.34	1996 Stock Incentive Plan Implementation Guidelines*	10-K/A	000-27918	June 4, 2002	
10.35	Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	May 14, 2002	
10.36	Alumina Supply Contract, dated January 1, 2001, by and between Century Aluminum of West Virginia and Glencore Ltd.	10-Q	000-27918	May 14, 2002	
10.37	Alumina Supply Contract, dated January 1, 2001, by and between Berkeley Aluminum and Glencore AG	10-Q	000-27918	May 14, 2002	
10.38	Consent and Second Amendment to Revolving Credit Agreement, dated as of March 31, 2004, by and among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Metalsco, Ltd., NSA, Ltd., the lending institutions that are or may become parties thereto, and Fleet Capital Corporation	10-Q	000-27918	May 5, 2004	
10.39	Purchase Agreement, dated as of May 17, 2004, among Kaiser Aluminum & Chemical Corporation, Kaiser Bauxite Company, Gramercy Alumina LLC and St. Ann Bauxite Limited**	10-Q	000-27918	November 9, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.40	Tolling Agreement, dated as of August 1, 2004, between Century Aluminum Company and Glencore Ltd***	10-Q	000-27918	November 9, 2004	
10.41	Consent and Third Amendment to Revolving Credit Agreement, dated as of August 4, 2004, by and among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., Metalsco, Ltd. and NSA Ltd., as Borrowers, the Lenders and Fleet Capital Corporation as agent for the Lenders	10-Q	000-27918	November 9, 2004	
10.42	Consent and Fourth Amendment to Revolving Credit Agreement, dated as of October 29, 2004, by and among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., Metalsco, Ltd., and NSA Ltd., as Borrowers, the Lenders, Fleet Capital Corporation, as agent for the Lenders, and Skyliner, Inc., Virgin Islands Alumina Corporation LLC, and Hancock Aluminum LLC, as Guarantors	8-K	000-27918	December 29, 2004	
10.43	Loan Agreement, dated as of February 10, 2005, among Nordural ehf., the several lenders from time to time parties thereto, Landsbanki Islands hf., as administrative agent and Kaupthing Bank hf., as security trustee	S-1/A	333-121255	February 16, 2005	
10.44	Accounts Pledge Agreement, dated as of February 10, 2005, among Nordural ehf., Kaupthing Bank hf., as security trustee and Kaupthing Bank hf. and Landsbanki Íslands hf. as account banks	S-4/A	333-121729	February 11, 2005	
10.45	Declaration of Pledge, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.46	Securities Pledge Agreement, dated as of February 10, 2005, among Nordural Holdings I ehf., Nordural Holdings II ehf., Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.47	General Bond, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.48	First Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*				X
21.1	List of Subsidiaries				X
23.1	Consent of Deloitte & Touche LLP				X

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
24.1	Powers of Attorney				X
31.1	Certification of Disclosure by the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002				X
31.2	Certification of Disclosure by the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002				X
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X

* Management contract or compensatory plan.

** Schedules and exhibits are omitted and will be furnished to the Securities and Exchange Commission upon request.

*** Confidential information was omitted from this exhibit pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTURY ALUMINUM COMPANY

By: /s/ DAVID W. BECKLEY
David W. Beckley
Executive Vice President
and Chief Financial Officer

Dated: March 16, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ CRAIG A. DAVIS Craig A. Davis	Chairman and Chief Executive Officer	March 16, 2005
/s/ DAVID W. BECKLEY David W. Beckley	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 16, 2005
* Roman A. Bninski	Director	March 16, 2005
* Robert E. Fishman	Director	March 16, 2005
* John C. Fontaine	Director	March 16, 2005
* John P. O'Brien	Director	March 16, 2005
* Stuart M. Schreiber	Director	March 16, 2005

*By: /s/ GERALD J. KITCHEN
Gerald J. Kitchen, as Attorney-in-Fact

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited the consolidated financial statements of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, and have issued our reports thereon dated March 11, 2005 (the report on the audit of the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph as to the adoption of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations"); such consolidated financial statements and reports are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
March 11, 2005

CENTURY ALUMINUM COMPANY

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Charged To Cost and Expense	Deductions	Balance at End of Period
	(Dollars in thousands)			
YEAR ENDED DECEMBER 31, 2002:				
Allowance for doubtful trade accounts receivable	$4,345	$ —	$ 292	$4,053
YEAR ENDED DECEMBER 31, 2003:				
Allowance for doubtful trade accounts receivable	$4,053	$ —	$ 85	$3,968
YEAR ENDED DECEMBER 31, 2004:				
Allowance for doubtful trade accounts receivable	$3,968	$279	$3,227	$1,020

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference: Form	File No.	Filing Date	Filed Herewith
2.1	Asset Purchase Agreement, dated as of April 1, 2003, by and among Glencore, Ltd., Glencore Acquisition I LLC, Hancock Aluminum LLC and Century Aluminum Company	8-K	000-27918	April 16, 2003	
2.2	Secured Promissory Note, dated April 1, 2003, by Century Aluminum Company in favor of Glencore Acquisition I LLC for the principal amount of $40 million	8-K	000-27918	April 16, 2003	
2.3	Secured Promissory Note, dated April 1, 2003, by Century Aluminum Company in favor of Glencore Ltd.	8-K	000-27918	April 16, 2003	
2.4	Guaranty Agreement, dated as April 1, 2003, by and among Hancock Aluminum LLC, Century Kentucky, Inc., NSA Ltd., Century Aluminum of West Virginia, Inc., Berkeley Aluminum, Inc., Metalsco, Ltd., Skyliner, Inc. for the benefit of Glencore Acquisition I LLC and Glencore Ltd.	8-K	000-27918	April 16, 2003	
2.5	Security Agreement, dated as of April 1, 2003, by and among Hancock Aluminum LLC, Glencore Ltd. and Glencore Acquisition I LLC	8-K	000-27918	April 16, 2003	
3.1	Restated Certificate of Incorporation of Century Aluminum Company, as amended	S-1 10-Q	33-95486 000-27918	August 8, 1995 August 11, 2003	
3.2	Amended and Restated Bylaws of Century Aluminum Company	10-Q	000-27918	August 11, 2003	
4.1	Form of Stock Certificate	S-1	33-95486	August 8, 1995	
4.2	Purchase Agreement for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated March 28, 2001, by and among Century Aluminum Company, Century Aluminum of West Virginia, Inc., Berkeley Aluminum, Inc., Century Kentucky, Inc. and Virgin Islands Alumina Corporation LLC and Credit Suisse First Boston Corporation and Fleet Securities, Inc., as Initial Purchasers	8-K	000-27918	April 17, 2001	
4.3	Indenture for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated April 2, 2001, by and among Century Aluminum Company, the Guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	April 17, 2001	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.4	Amendment to Indenture for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated as of May 5, 2003, by and among Century Aluminum Company, the Guarantors party thereto and Wilmington Trust Company, as trustee	10-Q	000-27918	August 11, 2003	
4.5	Third Supplemental Indenture for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated as of August 6, 2004, among Century Aluminum Company, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	
4.6	Registration Rights Agreement for Century Aluminum Company's 11.75% Senior Secured First Mortgage Notes, dated April 2, 2001, by and among Century Aluminum Company, the Guarantors party thereto and Credit Suisse First Boston Corporation and Fleet Securities, Inc., as Initial Purchasers	8-K	000-27918	April 17, 2001	
4.7	Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of April 2, 2001, from NSA, Ltd. for the benefit of Wilmington Trust Company, as collateral agent	8-K	000-27918	April 17, 2001	
4.8	Deed of Trust, Assignment of Leases and Rents, Security Agreement, Financing Statement and Fixture Filing, dated as of April 2, 2001, from Century Aluminum of West Virginia, Inc. for the benefit of Wilmington Trust Company, as collateral agent	8-K	000-27918	April 17, 2001	
4.9	Pledge and Security Agreement, dated as of April 2, 2001, by Century Aluminum Company as Pledgor and the other Pledgors party thereto in favor of Wilmington Trust Company, as collateral agent	8-K	000-27918	April 17, 2001	
4.10	Purchase Agreement for Century Aluminum Company's 7.5% Senior Notes, dated August 10, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.11	Indenture for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	
4.12	Registration Rights Agreement for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, the guarantors party thereto and Credit Suisse First Boston LLC, as Representative of the Initial Purchasers	8-K	000-27918	September 1, 2004	
4.13	Purchase Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 30, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.14	Indenture for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.15	Supplemental Indenture No. 1 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.16	Supplemental Indenture No. 2 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.17	Registration Rights Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the initial purchasers set forth therein	S-1	333-121255	December 14, 2004	
10.1	Agreement, dated June 12, 1992, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.2	Agreement, dated November 30, 1994, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	
10.3	Extension of Labor Agreement, dated February 21, 2002, by and between Century Aluminum of West Virginia, Inc. and the United Steelworkers of America AFL-CIO	10-Q	000-27918	May 14, 2002	
10.4	Amended and Restated Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Craig A. Davis*	10-K	000-27918	February 26, 2004	
10.5	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 2002	
10.6	Amendment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Gerald J. Kitchen*	10-K	000-27918	February 26, 2004	
10.7	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 2002	
10.8	Amendment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and David W. Beckley*	10-K	000-27918	February 26, 2004	
10.9	Employment Agreement, effective as October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.10	Form of Severance Agreement by and between Century Aluminum Company and Craig A. Davis*	S-1	33-95486	March 28, 1996	
10.11	Amendment to Severance Protection Agreement by and between Century Aluminum Company and Craig A. Davis*	10-Q	000-27918	May 14, 1999	
10.12	Form of Severance Agreement by and between Century Aluminum Company and Gerald J. Kitchen*	S-1	33-95486	March 28, 1996	
10.13	Amendment to Severance Protection Agreement by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 1999	
10.14	Form of Severance Agreement by and between Century Aluminum Company and David W. Beckley*	S-1	33-95486	March 28, 1996	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.15	Amendment to Severance Protection Agreement by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 1999	
10.16	Severance Protection Agreement, dated as of October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.17	1996 Stock Incentive Plan as amended through June 28, 2001*	10-Q	000-27918	August 14, 2001	
10.18	Non-Employee Directors Stock Option Plan*	S-1	33-95486	March 28, 1996	
10.19	Amended and Restated Asset Purchase Agreement, dated as of December 13, 1988, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Acquisition Corporation	S-1	33-95486	March 28, 1996	
10.20	Acquisition Agreement, dated July 19, 1995, by and between Virgin Islands Alumina Corporation and St. Croix Alumina, L.L.C.	S-1	33-95486	March 28, 1996	
10.21	Ravenswood Environmental Services Agreement, dated as of February 7, 1989, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Aluminum Corporation	S-1	33-95486	March 28, 1996	
10.22	Asset Purchase Agreement, dated as of March 31, 2000, by and between Xstrata Aluminum Corporation and Berkeley Aluminum, Inc.	8-K	000-27918	April 20, 2000	
10.23	Form of Tax Sharing Agreement	S-1	33-95486	March 28, 1996	
10.24	Form of Disaffiliation Agreement	S-1	33-95486	March 28, 1996	
10.25	Amended and Restated Owners Agreement, dated as of January 26, 1996, by and between Alumax of South Carolina, Inc., Berkeley Aluminum, Inc. and Glencore Primary Aluminum Company LLC	S-1	33-95486	March 28, 1996	
10.26	Century Aluminum Company 1996 Stock Incentive Plan Implementation Guidelines (as amended December 14, 2001)*	10-Q	000-27918	August 11, 2003	
10.27	Limited Term Firm Power Supply Agreement, dated as of June 28, 1996, by and between Ravenswood Aluminum Corporation and Ohio Power Company	10-K	000-27918	March 27, 1997	
10.28	Amendment No. 1 to the Limited Term Firm Power Supply Agreement, dated as of June 28, 1996, by and between Ravenswood Aluminum Corporation and Ohio Power Company	10-K	000-27918	February 26, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.29	Century Aluminum Company Incentive Compensation Plan*	10-Q	000-27918	August 14, 1998	
10.30	Revolving Credit Agreement, dated as of April 2, 2001, by and among Century Aluminum Company, Century Aluminum of West Virginia, Inc., Berkeley Aluminum, Inc., Century Kentucky, Inc., Metalsco, Ltd. and NSA, Ltd., as borrowers, the lending institutions listed on Schedule 1 thereto, as Lenders, Fleet Capital Corporation, as Agent, Fleet Securities Inc., as Arranger, and Credit Suisse First Boston, Inc., as Syndication Agent	10-Q	000-27918	August 14, 2001	
10.31	Collective Bargaining Agreement, effective April 2, 2001, by and between Century Aluminum of Kentucky, LLC and the United Steelworkers of America, AFL-CIO-CLC	10-Q	000-27918	August 14, 2001	
10.32	Owners Agreement, dated as of April 2, 2001, by and among NSA, Ltd., Glencore Acquisition I LLC and Century Aluminum Kentucky, LLC	10-Q	000-27918	August 14, 2001	
10.33	Shared Services Agreement, dated April 2, 2001, by and among Century Aluminum Company, NSA, Ltd., Glencore Acquisition I LLC and Southwire Company	10-Q	000-27918	August 14, 2001	
10.34	1996 Stock Incentive Plan Implementation Guidelines*	10-K/A	000-27918	June 4, 2002	
10.35	Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	May 14, 2002	
10.36	Alumina Supply Contract, dated January 1, 2001, by and between Century Aluminum of West Virginia and Glencore Ltd.	10-Q	000-27918	May 14, 2002	
10.37	Alumina Supply Contract, dated January 1, 2001, by and between Berkeley Aluminum and Glencore AG	10-Q	000-27918	May 14, 2002	
10.38	Consent and Second Amendment to Revolving Credit Agreement, dated as of March 31, 2004, by and among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Metalsco, Ltd., NSA, Ltd., the lending institutions that are or may become parties thereto, and Fleet Capital Corporation	10-Q	000-27918	May 5, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.39	Purchase Agreement, dated as of May 17, 2004, among Kaiser Aluminum & Chemical Corporation, Kaiser Bauxite Company, Gramercy Alumina LLC and St. Ann Bauxite Limited**	10-Q	000-27918	November 9, 2004	
10.40	Tolling Agreement, dated as of August 1, 2004, between Century Aluminum Company and Glencore Ltd***	10-Q	000-27918	November 9, 2004	
10.41	Consent and Third Amendment to Revolving Credit Agreement, dated as of August 4, 2004, by and among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., Metalsco, Ltd. and NSA Ltd., as Borrowers, the Lenders and Fleet Capital Corporation as agent for the Lenders	10-Q	000-27918	November 9, 2004	
10.42	Consent and Fourth Amendment to Revolving Credit Agreement, dated as of October 29, 2004, by and among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., Metalsco, Ltd., and NSA Ltd., as Borrowers, the Lenders, Fleet Capital Corporation, as agent for the Lenders, and Skyliner, Inc., Virgin Islands Alumina Corporation LLC, and Hancock Aluminum LLC, as Guarantors	8-K	000-27918	December 29, 2004	
10.43	Loan Agreement, dated as of February 10, 2005, among Nordural ehf., the several lenders from time to time parties thereto, Landsbanki Islands hf., as administrative agent and Kaupthing Bank hf., as security trustee	S-1/A	333-121255	February 16, 2005	
10.44	Accounts Pledge Agreement, dated as of February 10, 2005, among Nordural ehf., Kaupthing Bank hf., as security trustee and Kaupthing Bank hf. and Landsbanki Íslands hf. as account banks	S-4/A	333-121729	February 11, 2005	
10.45	Declaration of Pledge, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.46	Securities Pledge Agreement, dated as of February 10, 2005, among Nordural Holdings I ehf., Nordural Holdings II ehf., Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.47	General Bond, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.48	First Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*				X
21.1	List of Subsidiaries				X
23.1	Consent of Deloitte & Touche LLP				X
24.1	Powers of Attorney				X
31.1	Certification of Disclosure by the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002				X
31.2	Certification of Disclosure by the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002				X
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X

* Management contract or compensatory plan.

** Schedules and exhibits are omitted and will be furnished to the Securities and Exchange Commission upon request.

*** Confidential information was omitted from this exhibit pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

EXHIBIT 21.1

CENTURY ALUMINUM COMPANY
SUBSIDIARIES OF THE REGISTRANT

Company Name	State or Other Jurisdiction of Incorporation or Organization	Name Under Business is Conducted
Berkeley Aluminum, Inc.	Delaware	Berkeley Aluminum, Inc.
Century Aluminum Holdings, Inc.	Delaware	Century Aluminum Holdings, Inc.
Century Aluminum of Kentucky LLC	Delaware	Century Aluminum of Kentucky LLC
Century Aluminum of West Virginia, Inc.	Delaware	Century Aluminum of West Virginia, Inc.
Century Bermuda I Limited	Bermuda	Century Bermuda I Limited
Century Bermuda II Limited	Bermuda	Century Bermuda II Limited
Century Kentucky, Inc.	Delaware	Century Kentucky, Inc.
Century Louisiana, Inc.	Delaware	Century Louisiana, Inc.
Hancock Aluminum LLC	Delaware	Hancock Aluminum, LLC
Metalsco, Ltd.	Georgia	Metalsco, Ltd.
Nordural ehf.	Iceland	Nordural ehf.
Nordural Holdings I eHf.	Iceland	Nordural Holdings I eHf.
Nordural Holdings II eHf.	Iceland	Nordural Holdings II eHf.
Nordural U.S. LLC	Delaware	Nordural U.S. LLC
NSA, Ltd.	Kentucky	NSA, Ltd.
Skyliner, Inc.	Delaware	Skyliner, Inc.
St. Ann Bauxite Holdings Limited	St. Lucia, West Indies	St. Ann Bauxite Holdings Limited
Virgin Islands Alumina Corporation, LLC	Delaware	VIALCO

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-15689, No. 333-42534 and No. 333-65924 for the Century Aluminum Company 1996 Stock Incentive Plan, Registration Statement No. 333-15671 for the Century Aluminum Company Non-Employee Directors Stock Option Plan, Registration Statement No. 333-07239 for the Century Aluminum Company of West Virginia, Inc. Salaried Employee Defined Contribution Retirement Plan, and Registration Statement No. 333-28827 for the Century Aluminum Company of West Virginia, Inc. United Steelworkers of America Savings Plan (all on Forms S-8) of our reports relating to the financial statements and financial statement schedule of Century Aluminum Company and subsidiaries and management's report on the effectiveness of internal control over financial reporting dated March 11, 2005, which report on the financial statements expresses an unqualified opinion and includes an explanatory paragraph as to the adoption of Statement of Accounting Standards No. 143 "Accounting for Asset Retirement Obligations," all appearing in this Annual Report on Form 10-K of Century Aluminum Company for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania
March 16, 2005

EXHIBIT 31.1: CERTIFICATION OF DISCLOSURE IN CENTURY ALUMINUM COMPANY'S ANNUAL REPORT FILED ON FORM 10-K

I, Craig A. Davis, certify that:

1) I have reviewed this annual report on Form 10-K of the registrant;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG A. DAVIS
Title: Chairman and Chief Executive Officer

Date: March 16, 2005

EXHIBIT 31.2: CERTIFICATION OF DISCLOSURE IN CENTURY ALUMINUM COMPANY'S ANNUAL REPORT FILED ON FORM 10-K

I, David W. Beckley, certify that:

1) I have reviewed this annual report on Form 10-K of the registrant;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID W. BECKLEY
Name: David W. Beckley
Title: Executive Vice President and Chief Financial Officer

Date: March 16, 2005

Exhibit 32.1

Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the annual report on Form 10-K of Century Aluminum Company (the "Company") for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Craig A. Davis, as Chief Executive Officer of the Company, and David W. Beckley, as Chief Financial Officer of the Company, each hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. This report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Craig A. Davis
By: Craig A. Davis
Title: Chief Executive Officer

Date: March 16, 2005

/s/ David W. Beckley
By: David W. Beckley
Title: Chief Financial Officer

Date: March 16, 2005

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APPENDIX II

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-27918

CENTURY ALUMINUM COMPANY
(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of Incorporation or organization)*	**13-3070826** *(IRS Employer Identification No.)*
2511 Garden Road **Building A, Suite 200** **Monterey, California** *(Address of registrant's principal offices)*	**93940** *(Zip Code)*

Registrant's telephone number, including area code
(831) 642-9300

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Title of each class

Common Stock, $0.01 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated file and large accelerated filer" in Rule 12b-2 of the Act).

Large Accelerated Filer ☐ Accelerated Filer ☑ Non-Accelerated Filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

Based upon the NASDAQ closing price on June 30, 2005, the approximate aggregate market value of the common stock held by non-affiliates of the registrant was $458,697,000. As of March 10, 2006, 32,321,891 shares of common stock of the registrant were issued and outstanding.

Documents Incorporated by Reference:

None.

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PART I

Throughout this Form 10-K, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. We have based these forward-looking statements on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as "expects," "anticipates," "plans," "believes," "projects," "estimates," "intends," "should," "could," "would," "will," "potential" and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those discussed under Part I, Item 1, "Business," Part I, Item 1A, "Risk Factors," Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part II, Item 8, "Financial Statements and Supplementary Data," and:

- Our high level of indebtedness reduces cash available for other purposes and limits our ability to incur additional debt and pursue our growth strategy;
- The cyclical nature of the aluminum industry causes variability in our earnings and cash flows;
- The loss of a customer to whom we deliver molten aluminum would increase our production costs;
- Glencore International AG owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;
- We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to one or more of our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;
- Due to volatile prices for alumina and electricity, the principal cost components of primary aluminum production, our production costs could be materially impacted if we experience changes to or disruptions in our current alumina or power supply arrangements, production costs at our alumina refining operation increase significantly, or if we are unable to obtain economic replacement contracts for our alumina supply or power for those portions of our power requirements that are currently unpriced;
- By expanding our geographic presence and diversifying our operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, we are exposed to new risks and uncertainties that could adversely affect the overall profitability of our business;
- Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our margins;
- Most of our employees are unionized and any labor dispute or failure to successfully renegotiate an existing labor agreement could materially impair our ability to conduct our production operations at our unionized facilities;
- We are subject to a variety of existing environmental laws that could result in unanticipated costs or liabilities;
- We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire; and
- We cannot guarantee that our subsidiary Nordural will be able to complete its expansion in the time forecast or without significant cost overruns or that we will be able to realize the expected benefits of the expansion.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date of this filing. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations and you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks described above and

elsewhere in this report, including in Item 1A, "Risk Factors" should be considered when reading any forward-looking statements in this filing.

We have obtained the market data used throughout this Form 10-K from our own research and from surveys or studies conducted by third parties and cited in industry or general publications, including studies prepared by CRU International Inc., an internationally recognized research firm which collects and analyzes data about the aluminum industry. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. We have not independently verified such data and do not make any representation as to its accuracy. Similarly, we believe our internal research is reliable but it has not been verified by any independent sources.

Item 1. *Business*

Overview

Prior to our initial public offering in April 1996, we were an indirect, wholly-owned subsidiary of Glencore International AG (together with its subsidiaries, "Glencore"). As of March 10, 2006, Glencore, our largest shareholder, owned 28.8% of our outstanding common stock.

We produce primary aluminum. Our primary aluminum facilities produce value-added and standard-grade primary aluminum products. We are the third largest primary aluminum producer in North America, behind Alcoa Inc. (together with its affiliates, "Alcoa") and Alcan Inc. (together with its affiliates, "Alcan"). In April 2004, we acquired the Nordural facility, an Icelandic primary aluminum facility which became our first production facility located outside of the United States. We produced approximately 616,000 metric tons of primary aluminum in 2005 with net sales of approximately $1,132 million. Our current primary aluminum annual production capacity is 617,000 metric tons. With the completion of an ongoing expansion projects at Nordural, our rated production capacity will increase to 745,000 metric tons by the fourth quarter of 2006, with the possibility of further expansion to 785,000 metric tons by late 2008. We also own 50% joint venture interests in the Gramercy alumina refinery, located in Gramercy, Louisiana and a related bauxite mining operations in Jamaica. The Gramercy refinery supplies all of the alumina used for the production of primary aluminum at our Hawesville facility.

Current Primary Aluminum Facilities:

Facility	Location	Operational	Capacity (metric tons per year)	Ownership Percent
Nordural(1)	Grundartangi, Iceland	1998	90,000	100%
Hawesville	Hawesville, Kentucky, USA	1970	244,000	100%
Ravenswood	Ravenswood, West Virginia, USA	1957	170,000	100%
Mt. Holly(2)	Mount Holly, South Carolina, USA	1980	227,000	49.7%

(1) Nordural's rated production capacity is scheduled to increase to 220,000 metric tons per year by the fourth quarter of 2006. Further expansion to 260,000 metric tons per year is projected for late 2008.

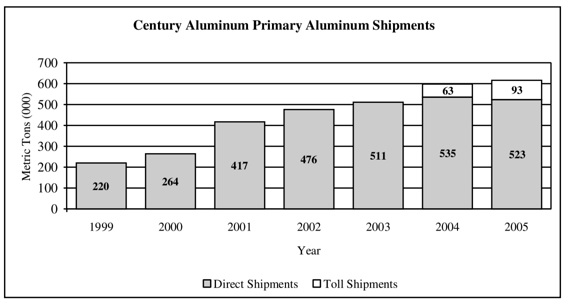
(2) Alcoa holds the remaining 50.3% ownership interest. Century's share of Mt. Holly's capacity is approximately 113,000 metric tons per year.

Bauxite and Alumina:

Facility	Location	Type	Capacity	Our Ownership Percent
Gramercy	Gramercy, Louisiana, USA	Alumina Refinery	1.25 million metric tons per year	50%
St. Ann Limited(1)	St. Ann, Jamaica	Bauxite	4.5 million dry metric tons per year	50%

(1) St. Ann Bauxite Limited ("SABL") is entitled to mine 4.5 million dry metric tons ("DMT") of bauxite on specified lands annually through September 30, 2030. The government of Jamaica is required to provide additional land if the land covered by the mining rights does not contain sufficient levels of commercially exploitable bauxite. SABL is responsible for reclamation of the land that it mines.

Our strategic objectives are to: (i) expand our primary aluminum business by investing in or acquiring additional capacity that offers favorable returns and lowers our per unit production costs; (ii) diversify our geographic presence; and (iii) pursue opportunities in bauxite mining and alumina refining. The following table shows our primary aluminum shipment volumes since 1999 (the year in which we completed a divesture of our rolling and fabrication businesses).



To date, our growth activities have included:

- acquiring an additional 23% interest in the Mt. Holly facility ("Mt. Holly") in April 2000;
- acquiring an 80% interest in the Hawesville facility ("Hawesville") in April 2001;
- acquiring the remaining 20% interest in Hawesville in April 2003;
- acquiring the Nordural facility ("Nordural") in April 2004;
- acquiring through a joint venture the Gramercy facility ("Gramercy"), our first alumina refining facility, together with related bauxite mining assets in October 2004, and;
- an expansion of Nordural's production capacity to 220,000 metric tons of primary aluminum, which is expected to be completed in the fourth quarter of 2006.

Recent Developments

More information on our recent developments is available in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

Industry Overview

Primary aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange ("LME"). The LME price generally reflects the worldwide balance of primary aluminum supply and demand, but may be influenced significantly from time to time by currency exchange rates and speculative actions. The LME price, however, does not represent the actual price paid for all aluminum products. For example, products delivered to U.S. customers are often sold at a premium to the LME price, typically referred to as the U.S. Midwest Market Price. Over the last 10 years through December 2005, the average monthly Midwest premium has ranged from $46 to $170 per metric ton ($111 per metric ton for December 2005 delivery). Premiums are also charged for adding certain alloys to aluminum for use in specific applications and for casting aluminum into specific shapes, such as extrusion billet or rolling slab.

The primary aluminum industry is currently experiencing a period of strong prices based on constrained production and increasing demand. Spot aluminum prices, as quoted on the LME, remain well above the five and 10-year averages. The key factors in the current strong pricing environment are: (i) strong global demand for aluminum driven by global economic growth; (ii) strong demand growth in China; (iii) a tightening market for alumina, the major raw material input for aluminum, that has resulted in a rapid escalation of alumina prices; and (iv) increased cost pressures from rising electricity and raw material inputs on high-cost producers in Europe, China, and the United States resulting in idled production capacity and plant closure. During 2005, global demand increased approximately 5.1%. Despite growth in production, LME inventories of aluminum remained historically low. Low inventories together with higher costs for alumina and power, pushed the market price for primary aluminum to record prices in 2005. During 2004, global demand increased by 9.0% to 30.1 million metric tons and LME inventories declined 54% from 1.5 million metric tons to 695,000 metric tons. In 2003, global demand for aluminum increased approximately 7.7% to 27.2 million metric tons, but global aluminum supply increased only approximately 7.1%. The average LME cash price for aluminum was $1,899, $1,716, and $1,432 per metric ton for the years ended December 31, 2005, 2004, and 2003, respectively. Through February 28, 2006, the LME cash price for primary aluminum for 2006 averaged $2,419 per metric ton.

Competition

The market for primary aluminum is global, and demand for aluminum varies widely from region to region. Aluminum is produced throughout the world. Aluminum competes with materials such as steel, plastic and glass, which may be substituted for aluminum in certain applications.

Today, the U.S. demand for aluminum is robust and U.S. production capacity has declined substantially over the past few years in the face of rising electrical power costs. As a consequence, much of the U.S. demand must be met by foreign production, and delivery premiums to the U.S. Midwest (reflecting cost of delivery to this market) have risen in 2005. The geographic proximity of our plants to the U.S. Midwest provides us with a competitive advantage over our off-shore competitors by enabling us to capture this premium without incurring the additional delivery costs.

We also have certain advantages in product quality. Our Hawesville plant produces the high purity aluminum needed by Southwire, one of our largest customers, for the manufacture of electrical transmission lines. Hawesville delivers high purity metal in molten form to Southwire's adjacent facility, at a cost savings and competitive advantage to both parties. Our Ravenswood plant also delivers molten metal to Alcan's adjacent rolling mill, providing similar competitive advantages to Ravenswood and Alcan. Our versatile cast house at Mt. Holly produces premium products almost exclusively.

In addition, Icelandic aluminum producers are exempt from the duty payable by other non-European producers for sales of aluminum into Europe. Icelandic aluminum producers are exempt from this duty. The alumina toll conversion agreements between our Nordural subsidiary and third parties allow Nordural share in the premium those third parties earn on as a result of these duty-free sales into Europe.

Customer Base

In 2005, we derived a combined total of 84.8% of our consolidated sales from our four largest customers, as shown in the table below. A loss of any of these customers could have a material adverse effect on our results of operations. We currently have long-term primary aluminum sales contracts with all of these customers. More information about these contracts is available at "Key Long-term Primary Aluminum Sales Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,					
	2005		2004		2003	
	$(000)	%	$(000)	%	$(000)	%
Alcan	356,347	31.5	301,033	28.4	198,448	25.4
Southwire	294,468	26.0	258,320	24.4	199,067	25.4
Glencore	171,027	15.1	163,209	15.4	121,886	15.6
BHP Billiton	137,736	12.2	85,518	8.1	—	—
All other customers	172,784	15.2	252,667	23.7	263,078	33.6
Total	1,132,362	100.0	1,060,747	100.0	782,479	100.0

Financial Information about Segments and Geographic Areas

We operate in one reportable segment, primary aluminum. More information about the primary aluminum segment and certain geographic information is available in Note 18 to the Consolidated Financial Statements included herein. For a description of certain risks attendant to our foreign operations, see "Risk Factors — Operating in foreign countries exposes us to political, regulatory, currency and other related risks."

Energy, Key Supplies and Raw Materials

We consume the following key supplies and raw materials in the primary aluminum reduction process:

- electricity
- alumina
- labor
- aluminum fluoride
- carbon
- cathode blocks
- liquid pitch
- natural gas
- silicon carbide
- caustic soda
- calcined petroleum coke

Electrical power, alumina, and labor are the principal components of cost of goods sold. These components together represented over 70 percent of our 2005 cost of goods sold. We have long-term contracts to ensure the future availability of many of these supplies. More information about these long-term supply contracts is available at "Key Long-term Supply Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Pricing

Our operating results are sensitive to changes in the price of primary aluminum and the raw materials used in our production. As a result, Century attempts to mitigate the effects of fluctuations in primary aluminum and raw material prices through the use of various fixed-price commitments and financial instruments.

We offer a number of pricing alternatives to our customers which, combined with our metals risk management activities, are designed to lock in a certain level of price stability on our primary aluminum sales. Pricing of Century's products is generally offered at an indexed or "market" price, in which the customer pays an agreed-upon premium over the LME price or other market indices.

Substantially all of Nordural's revenues are derived from a tolling arrangement whereby it converts alumina provided to it by its customers into primary aluminum for a fee based on the LME price for primary aluminum. Nordural's revenues are subject to the risk of decreases in the market price of primary aluminum; however, because it produces primary aluminum under a tolling arrangement, Nordural is not exposed to fluctuations in the price for alumina, the principal raw material used in the production of primary aluminum. In addition, under its current power contract, Nordural purchases power at a rate which is a percentage of the LME price for primary aluminum. By linking its most significant production cost to the LME price for primary aluminum, Nordural is hedged against downswings in the market for primary aluminum; however, this hedge also limits Nordural's upside as the LME price increases.

Primary Aluminum Facilities

Nordural

The Nordural facility ("Nordural") is located in Grundartangi, Iceland and is owned and operated by our subsidiary, Nordural. Nordural is our most modern and lowest cost facility. Operations at Nordural began in 1998 and production capacity was expanded in 2001 and again in 2006. It has an annual rated production capacity of 90,000 metric tons, which will increase by 130,000 metric tons to 220,000 metric tons upon completion of an expansion of the facility, which is expected in the fourth quarter of 2006, with further possible expansion to 260,000 metric tons of annual rated production capacity by late 2008.

Nordural operates under various long-term agreements with the Government of Iceland, local municipalities, and Faxafloahafnir sf (which operates the harbor at Grundartangi and is jointly owned by several municipalities. These agreements include: (i) an investment agreement which establishes Nordural's tax status and the Government's obligations to grant certain permits; (ii) a reduction plant site agreement by which Nordural leases the property through 2020, subject to renewal at its option; and (iii) a harbor agreement by which Nordural is granted access to the port at Grundartangi. In connection with the expansion of Nordural, Nordural has entered into amendments to the investment agreement and the reduction plant site agreements with the Government of Iceland.

Expansion Project. We are currently expanding Nordural to increase its annual production capacity to 220,000 metric tons. As currently planned, the expansion will add 130,000 metric tons to Nordural's annual rated production capacity at an estimated total cost of approximately $475 million. A phased start-up of the expansion capacity began in February 2006 and the expansion is projected to be completed by the fourth quarter of 2006 at an estimated total cost of approximately $475 million. Following completion of the expansion, Nordural will have all the infrastructure and support facilities necessary for further expansion to 260,000 metric tons of annual production capacity.

On February 10, 2005, Nordural executed agreements and documents related to a $365 million senior term loan facility arranged by Landsbanki Islands hf. and Kaupthing Bank hf. More information about the Nordural term loan facility is available in Note 6 of the Consolidated Financial Statements. Based on current conditions, we expect to fund the remaining costs of the expansion capacity with operating cash flow generated by Nordural operations.

Tolling Agreements. Nordural has a long-term alumina tolling contract with a subsidiary of BHP Billiton which expires December 31, 2013. Under this contract, which is for virtually all of Nordural's 90,000 metric tons of existing production capacity and 40,000 metric tons of the expansion capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. Nordural has entered into a 10-year alumina tolling contract with Glencore for 90,000 metric tons of the expansion capacity at Nordural. The fee Nordural will receive under the Glencore contract will also be LME-based. In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum AS for the period 2007 to 2010. Nordural consented to the assignment.

Power. Landsvirkjun, a power company jointly owned by the Republic of Iceland and two Icelandic municipal governments, provides power to Nordural for 90,000 metric tons of capacity under a long-term contract due to expire in 2019. The power delivered by Landsvirkjun is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources. For the expansion, Nordural entered into an agreement with Hitaveita Suðurnesja hf. ("HS") and Orkuveita Reykjavíkur ("OR") to supply the power required for the additional 130,000 metric tons of capacity. Under this agreement, Nordural will be required to take or pay for a significant percentage of the power to be supplied for a specified period that begins after signing (subject to extension for agreed upon events), even if the Nordural expansion is not completed. The price paid by Nordural for power delivered by HS and OR is also LME-based. Landsvirkjun has agreed on a best commercial efforts basis to provide backup power to Nordural if HS and OR are unable to meet the obligations of their contract to provide power for the Nordural expansion. OR has agreed to deliver additional power annually, which will allow a further expansion to 260,000 metric tons by late 2008. The power agreement and the construction of additional production capacity are each subject to the satisfaction of certain conditions. We are considering various options for financing the additional capacity expansion from 220,000 to 260,000 metric tons.

Employees. In Iceland, our employees at Nordural are represented by six labor unions that operate under a labor contract approved in April 2005 that establishes wages and work rules for covered employees for the period from January 1, 2005 through December 31, 2009.

Hawesville

Hawesville is owned by our subsidiary, Century Kentucky, Inc. Hawesville is located adjacent to the Ohio River near Hawesville, Kentucky and began operations in 1970. Hawesville has five reduction potlines with an annual rated production capacity of 244,000 metric tons.

Hawesville's original four potlines have an annual production capacity of approximately 195,000 metric tons and are specially configured and operated to produce high purity primary aluminum. The average purity level of primary aluminum produced by these potlines is 99.9%, compared to standard-purity aluminum which is approximately 99.7%. High purity primary aluminum is sold at a premium to standard-purity aluminum. The high purity primary aluminum also provides the conductivity required by Hawesville's largest customer, Southwire, for its electrical wire and cable products as well as for certain aerospace applications. A fifth potline added in 2001 has an annual capacity of approximately 49,000 metric tons of standard-purity aluminum.

In April 2005, we paid Southwire a $7,000 post-closing payment related to the acquisition of the Hawesville facility. This payment satisfied in full our obligation to pay contingent consideration to Southwire under the acquisition agreement.

Metal Sales Agreement. Hawesville has a long-term contract with Southwire (the "Southwire Metal Agreement"). The Southwire Metal Agreement's expires March 31, 2011, subject to automatic renewal for additional five-year terms, unless either party provides 12 months' notice that it has elected not to renew. The price for the molten aluminum delivered to Southwire is variable and is determined by reference to the U.S. Midwest Market Price. Under the contract, Hawesville supplies 240 million pounds (approximately 109,000 metric tons) of high-purity molten aluminum annually to Southwire's adjacent wire and cable manufacturing facility. Under this contract, Southwire will also purchase 60 million pounds (approximately 27,000 metric tons) of standard-grade molten aluminum each year through March 2010. Southwire has an option to purchase an equal amount of standard-grade molten aluminum in for 2011. More information about this long-term contract is available at "Key Long-term Primary Aluminum Sales Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Alumina. The alumina used by Hawesville is purchased under a supply agreement with Gramercy Alumina LLC ("GAL"). GAL is a joint venture company owned by Century and Falconbridge Limited (as successor by merger to Noranda Inc., "Falconbridge"), which owns and operates the Gramercy alumina refinery. The alumina supply agreement runs through December 31, 2010 and the contract pricing varies based on GAL's cost of production. More information about this long-term contract is available at "Key Long-term Supply Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Power. Hawesville purchases all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract. Kenergy acquires most of the power it provides to Hawesville from

a subsidiary of LG&E Energy Corp., with delivery guaranteed by LG&E. Hawesville has unpriced power requirements of 130 MW or 27% of its power requirements from 2007 through 2010. We are working with Big Rivers Electric Corporation and Kenergy Corporation on a proposal that would restructure and extend the existing power supply contract from 2007 through 2023.

Employees. The bargaining unit employees at Hawesville are represented by the United Steelworkers of America ("USWA"). Century's collective bargaining agreement, which covers all of the represented hourly employees at Hawesville, expires March 31, 2006.

Ravenswood

The Ravenswood facility ("Ravenswood") is owned and operated by our subsidiary, Century Aluminum of West Virginia, Inc. ("Century of West Virginia"). Built in 1957, Ravenswood operates four potlines with an annual rated production capacity of 170,000 metric tons. The facility is located adjacent to the Ohio River in Ravenswood, West Virginia.

Metal Sales Agreements. Ravenswood produces molten aluminum that is delivered to Alcan's adjacent fabricating facility and standard-grade ingot that we sell in the marketplace. We have a contract (the "Alcan Metal Agreement") with Alcan under which Alcan purchases 23 to 27 million pounds (approximately 10,500 to 12,250 metric tons) per month of molten aluminum produced at Ravenswood through July 31, 2007. The price for primary aluminum delivered under the Alcan Metal Agreement is variable and determined by reference to the U.S. Midwest Market Price. This contract requires us to deliver molten aluminum, which reduces our casting and shipping costs. Alcan has the right, upon 12 months' notice, to reduce its purchase obligations by 50% under this contract. Ravenswood also sells 10,000 metric tons per year of primary aluminum under a 10-year contract with Glencore (the "Glencore Metal Agreement II") through December 31, 2013. Under the Glencore Metal Agreement II, Glencore agrees to purchase 20,000 metric tons per year of the primary aluminum produced at Ravenswood and Mt. Holly facilities, at a price determined by reference to the U.S. Midwest Market Price, subject to an agreed cap and floor as applied to the U.S. Midwest Premium.

Alumina. Glencore supplies the alumina used at Ravenswood under a contract that expires on December 31, 2006. The contract pricing varies based on the LME price for primary aluminum. We are currently assessing our options for future alumina purchases to replace the Glencore contract.

Power. During 2005, we purchased all of the electricity requirements for Ravenswood from Ohio Power Company, a unit of American Electric Power Company, under a fixed price power supply agreement that ran through December 31, 2005. Under Ravenswood's new power contract, Appalachian Power Company has agreed to continuously supply power to Ravenswood. After December 31, 2007, we may terminate the agreement by providing 12 months notice of termination. Power delivered under the new power supply agreement is priced as set forth in currently published tariffs. Appalachian Power Company filed a rate case on September 26, 2005, seeking increases in its tariff rates. We have been advised to expect those rates to become effective on July 1, 2006. We intend to contest the rate increase.

Employees. The bargaining unit employees at Ravenswood are represented by the USWA. The collective bargaining agreement that covers all of the represented hourly employees at Ravenswood expires May 31, 2006.

Mt. Holly

Mt. Holly, located in Mt. Holly, South Carolina, was built in 1980 and is the most recently constructed aluminum reduction facility in the United States. The facility consists of two potlines with a total annual rated production capacity of 227,000 metric tons and casting equipment used to cast molten aluminum into standard-grade ingot, extrusion billet and other value-added primary aluminum products. Value-added primary aluminum products are sold at a premium to standard-grade primary aluminum. Our 49.7% interest represents approximately 113,000 metric tons of the facility's production capacity.

Our interest in Mt. Holly is held through our subsidiary, Berkeley Aluminum, Inc. ("Berkeley"). Under the Mt. Holly ownership structure, we hold an undivided 49.7% interest in the property, plant and equipment comprising the aluminum reduction operations at Mt. Holly and an equivalent share in the general partnership responsible for the operation and maintenance of the facility. Alcoa owns the remaining 50.3% interest in Mt. Holly and an equivalent share of the operating partnership. Under the terms of the operating partnership, Alcoa is responsible for operating and maintaining the facility. Each owner supplies its own alumina for conversion to primary aluminum and is responsible for its proportionate share of operational and maintenance costs.

Metal Sales Agreements. We have a contract to sell to Glencore 50,000 metric tons of primary aluminum produced at Mt. Holly each year through December 31, 2009 (the "Glencore Metal Agreement I"). The Glencore Metal Agreement I provides for variable pricing determined by reference to the quoted LME price of primary aluminum. Mt. Holly also sells 10,000 metric tons per year of primary aluminum under the Glencore Metal Agreement II. More information on the Glencore Metal Agreement II is available under "Ravenswood" above or under "Key Long-term Primary Aluminum Sales Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Alumina. Glencore supplies all of our alumina requirements for Mt. Holly under two contracts which expire December 31, 2006 and January 31, 2008. The contract expiring December 31, 2006 supplies 54% of alumina requirements at Mt. Holly. The price under both contracts is determined by reference to the quoted LME price for primary aluminum. We recently entered into an agreement with Trafigura AG that provides us with sufficient supplies of alumina to cover all of Mt. Holly's alumina requirements when our agreements with Glencore expire in 2006 and 2008. The price for alumina under our contract with Trafigura will also be variable and based on the LME price for primary aluminum.

Power. Mt. Holly purchases all of its power requirements from the South Carolina Public Service Authority ("SCPSA") under a contract that runs through 2015. Power delivered through 2010 will be priced at rates fixed under currently published schedules, subject to adjustments to cover SCPSA's fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

Employees. The employees at Mt. Holly are employed by Alcoa and are not unionized.

Joint Venture Facilities

On October 1, 2004, Century and Falconbridge through joint venture companies, acquired an alumina refinery in Gramercy, Louisiana and related bauxite mining assets in Jamaica (collectively, the "Gramercy assets") from Kaiser Aluminum & Chemical Company ("Kaiser").

Gramercy Alumina LLC

The alumina refinery in Gramercy, owned by GAL, began operations in 1959 and consists of a production facility, a powerhouse for steam and electricity production, a deep water dock and a barge loading facility. Extensive portions of the Gramercy plant were rebuilt and modernized between 2000 and 2002, including a double digestion system.

Alumina Operations. The Gramercy plant has an annual rated capacity rate of 1.25 million metric tons of alumina per year. Gramercy's production consists of approximately 80% smelter grade alumina and 20% alumina hydrate or chemical grade alumina. GAL sells smelter grade alumina to Hawesville based on Gramercy's production costs under an alumina supply contract due to expire on December 31, 2010. All of the chemical grade alumina production is currently sold under existing short-term and long-term contracts with approximately 20 third party purchasers.

We expect production at the Gramercy plant to remain at or near capacity for the foreseeable future.

Supply Agreements. Bauxite is the principal raw material used in the production of alumina, and natural gas is the principal energy source. The Gramercy plant purchases all of its bauxite requirements from SABL under a contract that expires at the end of 2010. The Gramercy plant purchases its natural gas requirements at market prices under short-term agreements with local suppliers.

St. Ann Bauxite Limited

SABL, which owns the bauxite mining assets, is jointly owned by Century and Falconbridge. The bauxite mining assets are comprised of: (i) a concession from the Government of Jamaica ("GOJ") to mine bauxite in Jamaica (the "mining rights,") and (ii) a 49% interest in a Jamaican partnership that owns certain mining assets in Jamaica (the "mining assets.") The GOJ owns the remaining 51% interest in the partnership. Following the acquisition, SABL and the GOJ established a new partnership to hold the mining assets and to conduct mining and related operations pursuant to the mining rights. The mining assets consist primarily of rail facilities, other mobile equipment, dryers, and loading and dock facilities.

Bauxite Mining Rights. Under the terms of the mining rights, SABL manages the operations of the new partnership, pays operating costs and is entitled to all of its bauxite production. The GOJ receives: (i) a royalty based on the amount of bauxite mined, (ii) an annual "asset usage fee" for the use of the GOJ's 51% interest in the mining assets, and (iii) certain fees for lands owned by the GOJ that are covered by the mining rights. SABL also pays to the GOJ customary income taxes and certain other fees pursuant to an agreement with the GOJ that establishes a fiscal regime for SABL. A production levy normally applicable to bauxite mined in Jamaica has been waived for SABL through December 2007. If the levy is subsequently assessed on bauxite produced by SABL, the Establishment Agreement provides that certain payments to the GOJ will be reduced and SABL and GOJ will negotiate amendments to SABL's fiscal regime in order to mitigate the effects of the levy.

Under the terms of the mining rights, SABL mines the land covered by the mining rights and the GOJ retains surface rights and ownership of the land. The GOJ granted the mining rights and entered into other agreements with SABL for the purpose of ensuring the Gramercy plant will have sufficient reserves to meet its annual alumina requirements and existing or contemplated future obligations under third party contracts. Under the mining rights, SABL is entitled to mine 4.5 million dry metric tons of bauxite on specified lands annually through September 30, 2030. The GOJ is required to provide additional land if the land covered by the mining rights does not contain sufficient levels of commercially exploitable bauxite. SABL is responsible for reclamation of the land that it mines. In addition, SABL assumed reclamation obligations related to the prior owner's operations of approximately $9 million.

Customers. Most of the bauxite from St. Ann is refined into alumina at the Gramercy refinery and the remainder is sold to a third party alumina refinery in Texas. SABL and GAL have a contract under which SABL will supply the Gramercy plant's bauxite requirements through December 2010. The price for bauxite under the contract was fixed through December 31, 2005, and an extension of this fixed price through 2008 has been conditionally accepted by the GOJ.

SABL has various short-term agreements with third parties for the supply of fuel oil, diesel fuel, container leasing and other locally provided services.

Environmental Matters

We are subject to various environmental laws and regulations. We have spent, and expect to spend, significant amounts for compliance with those laws and regulations. In addition, some of our past manufacturing activities have resulted in environmental consequences which require remedial measures. Under certain environmental laws which may impose liability regardless of fault, we may be liable for the costs of remediation of contaminated property, including our current and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. We believe, based on currently available information, that our current environmental liabilities are not likely to have a material adverse effect on Century. However, we cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas. Such future requirements may result in liabilities which may have a material adverse effect on our financial condition, results of operations or liquidity. More information concerning our environmental contingencies can be found in Note 13 to the Consolidated Financial Statements included herein.

Intellectual Property

We own or have rights to use a number of patents or patent applications relating to various aspects of our operations. We do not consider our business to be materially dependent on any of these patents or patent applications.

Employees

We employ a work force of approximately 1,750, consisting of 1,460 hourly employees and 290 salaried employees.

Available Information

Additional information about Century may be obtained from our website, which is located at www.centuryaluminum.com. Our website provides access to filings we have made through the SEC's EDGAR filing system, including our annual, quarterly and current reports filed on Forms 10-K, 10-Q and 8-K, respectively, and ownership reports filed on Forms 3, 4 and 5 after December 16, 2002 by our directors, executive officers and beneficial owners of more than 10% of our outstanding common stock. These filings are also available on the SEC website at www.sec.gov. In addition, we will make available free of charge copies of our Form 10-Ks, Form 10-Qs, and Form 8-Ks upon request. Requests for these documents can be made by contacting our Investor Relations Department by mail at: 2511 Garden Road, Suite A200, Monterey, CA 93940, or phone at: (831) 642-9300. Information contained in our website is not incorporated by reference in, and should not be considered a part of, this Annual Report on Form 10-K.

Item 1A. *Risk Factors*

The following describes certain of the risks and uncertainties we face that could cause our future results to differ materially from our current results and from those anticipated in our forward-looking statements. These risk factors should be considered together with the other risks and uncertainties described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere herein.

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows.

Our operating results depend on the market for primary aluminum, which is a highly cyclical commodity affected by global demand and supply conditions. Historically, global demand and prices for primary aluminum have fluctuated in part due to economic and market conditions in the United States and other major global economies, as well as currency fluctuations. The relative pricing of other materials, such as steel, plastic and glass, which are used as alternatives for aluminum in some applications, also affects demand for aluminum. Certain aluminum end-use markets, including the automotive sector and the building and construction sector, are also cyclical. When downturns occur in these sectors, demand for primary aluminum decreases, resulting in lower prices for our products. Over the past 10 years, the average annual cash price for primary aluminum on the LME was $1,522 per metric ton and has ranged from a low of $1,182 per metric tons in 1999 to a high of $2,668 per metric ton in February 2006. The average LME cash price for aluminum was $1,899, $1,716, and $1,432 per metric ton for the years ended December 31, 2005, 2004, and 2003, respectively. Primary aluminum prices could decline below current levels, reducing our earnings and cash flows. A prolonged downturn in prices for primary aluminum could significantly reduce the amount of cash available to meet our current obligations and fund our long-term business strategies and may force the curtailment of all or a portion of our operations at one or more of our smelters.

Conversely, if prices increase, certain of our hedging transactions, including our forward sales of primary aluminum and our LME-based alumina contracts, may limit our ability to take advantage of the increased prices. More information about Century's market risks is available in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk."

We reduce our casting and shipping costs by selling molten aluminum to the major customers of our Ravenswood and Hawesville facilities; the loss of one of these major customers would increase our production costs at those facilities.

A combined total of 57% of our consolidated net sales for 2005 were derived from sales to Alcan and Southwire Company. Alcan's facility is located adjacent to Ravenswood and Southwire's facility is located adjacent to Hawesville. Due to this proximity, we are able to deliver molten aluminum to these customers, thereby eliminating our casting and shipping costs and our customers' remelting costs. Century has contracts with Alcan and Southwire which are due to expire at the end of July 2007 and at the end of 2011, respectively. Alcan has the right to reduce its purchases under its contract by 50%, upon 12 months' notice, and Southwire has the right to reduce purchases under its contract by 20% beginning in 2010. We may be unable to extend or replace these contracts when they terminate. If we are unable to renew these contracts when they expire, or if either customer significantly reduces its purchases under those contracts, we will incur higher casting and shipping costs.

A material change in our relationship with Glencore could affect how we purchase raw materials, sell our products and hedge our exposure to metal price risk.

We benefit from our relationship with Glencore, our largest shareholder. We have entered into various long-term contracts with Glencore to sell up to 11.3% of our current annual primary aluminum production and to purchase up to 46.0% of our annual alumina requirements under contracts expiring at various dates from the end of 2006 through 2013. In addition, our subsidiary Nordural has entered into an alumina tolling agreement with Glencore for 90,000 metric tons of the expansion capacity at Nordural. In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum AS for the period 2007 to 2010. Nordural consented to the assignment. We also enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is a major customer, supplier and metal hedge counterparty, a material change in our relationship with Glencore, could affect how we purchase raw materials, sell our products and hedge our exposure to metal price risk, which could impact our operating costs.

Losses caused by disruptions in the supply of power would reduce the profitability of our operations.

We use large amounts of electricity to produce primary aluminum, and any loss of power which causes an equipment shutdown can result in the hardening or "freezing" of molten aluminum in the pots where it is produced. We may incur losses due to a temporary or prolonged interruption of the supply of electrical power to our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. If such a condition were to occur, we may lose production for a prolonged period of time and incur significant losses. Although we maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, we may be required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand. Certain losses which are not covered by insurance may trigger a default under our revolving credit facility.

Changes or disruptions to our current alumina supply arrangements could increase our raw material costs.

We depend on a limited number of suppliers for alumina, the principal raw material used to produce primary aluminum. Supply of alumina has been constrained over the past three years, and the construction of new production facilities requires substantial lead time. Disruptions to our supply of alumina could occur for a variety of reasons, including disruptions of production at a particular supplier's alumina refinery. These disruptions may require Century to purchase alumina on less favorable terms than under our current agreements. Spot alumina prices are currently substantially higher than the prices we pay under our long-term agreements.

Glencore supplies the alumina used at Ravenswood under a contract that expires on December 31, 2006. We are currently assessing our options for future alumina purchases to replace the Glencore contract.

Century and Falconbridge, through joint venture companies, purchased in 2004 the Gramercy alumina refinery that supplies the alumina used at Hawesville. As part of the acquisition, the joint venture also purchased an interest in a Jamaican partnership that owns bauxite mining assets in St. Ann, Jamaica. Bauxite is the principal raw material used in the production of alumina and all of the bauxite used at the Gramercy alumina refinery is purchased from the Jamaican partnership. If there is a significant disruption of bauxite shipments in the future, the joint venture could incur additional costs if it is required to use bauxite from other sources.

The cost of alumina used at Hawesville may be higher than under our LME-based alumina contracts.

We acquire alumina used at our Ravenswood and Mt. Holly facilities at prices based on the LME price for primary aluminum. The Gramercy refinery that Century and Falconbridge acquired from Kaiser supplies all of the alumina used at Hawesville at prices based on the Gramercy refinery's production costs. Those production costs could be materially higher than the price paid under LME-based contracts during periods when aluminum prices are low and raw material costs used in the production of alumina, such as natural gas, are high.

Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our operating results.

Our operating results are sensitive to changes in the price of primary aluminum and the raw materials used in its production, including caustic soda and calcined petroleum coke. Although we attempt to mitigate the effects of such price fluctuations through the use of various fixed-price commitments and financial instruments, these efforts may limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. In addition, because we have sold forward a certain amount of our production capacity in future years, rising raw material and energy prices would negatively impact our earnings and cash flow, all other things being equal. See "Item 7A — Quantitative and Qualitative Disclosures About Market Risk."

Electricity represents our single largest operating cost. As a result, the availability of electricity at economic prices is critical to the profitability of our operations. While we purchase primarily all of our electricity for our existing U.S. facilities under fixed-price contracts through 2006, a portion of the contracted cost of the electricity supplied to Mt. Holly varies with the supplier's fuel costs. An increase in these fuel costs would increase the price Mt. Holly pays for electricity. Power costs at Mt. Holly were $12.4 million higher in 2005 than 2004, primarily due to fuel cost adjustments. Also, the fixed price in the contract for Ravenswood may be increased as a result of an ongoing rate case. The fixed price portions of our current power contracts at Hawesville are due to expire at various times from the end of 2006 through 2010. If we are unable to obtain power at economic rates upon the expiration of these contracts or in connection with the rate case, we may be forced to curtail or idle a portion of our production capacity, which would lower our revenues and adversely affect the profitability of our operations.

We are subject to the risk of union disputes.

The bargaining unit employees at our Ravenswood and Hawesville facilities and at the Gramercy refinery are represented by the United Steel Workers of America. Century's labor contracts at Hawesville and Ravenswood expire in March and May 2006, respectively. We may be unable to satisfactorily renegotiate those labor contracts. In addition, our recently negotiated contract with Nordural's employees that expires in 2009 and our contract with employees at the Gramercy plant that expires in 2010 may not prevent a strike or work stoppage at any of these facilities in the future, and any such work stoppage could prevent or significantly impair our ability to conduct production operations at those facilities which could materially adversely affect our financial results.

We are subject to a variety of environmental laws that could result in costs or liabilities.

We are obligated to comply with various federal, state and other environmental laws and regulations, including the environmental laws and regulations of Iceland, the European Economic Area and Jamaica. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. In addition, we are currently and may in the future be responsible for the cleanup of contamination at some of our current and former manufacturing facilities or for the amelioration of damage to natural resources. For example, we, along with others, including former owners of our former St. Croix facility, has been sued for alleged natural resources damages at the facility. While it is not presently possible to determine the outcome of this matter, our known liabilities with respect to this and other matters relating to compliance and cleanup, based on current information, are not expected to be material and should not materially adversely affect our operating results. However, if more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may be material and could affect our liquidity. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire in the future. Overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than current or projected expenditures and costs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Environmental Expenditures and Other Contingencies" and Note 13 to our consolidated financial statements for a detailed description of our environmental matters and associated costs and risks.

Acquisitions may present difficulties.

We have a history of making strategic acquisitions. We expect to make strategic acquisitions in the future. We are subject to numerous risks as a result of our acquisitions, including the following:

- it may be challenging for us to manage our existing business as we integrate acquired operations;
- we may not achieve the anticipated reductions in average unit production costs as a result of our acquisitions; and
- management of acquisitions will require continued development of financial controls and information systems, which may prove to be expensive, time-consuming, and difficult to maintain.

Accordingly, our recent or future acquisitions might not improve our competitive position and business prospects as anticipated.

We may not realize the expected benefits of the planned expansion of Nordural.

The ongoing expansion of Nordural, which is expected to be completed in the fourth quarter of 2006, will more than double the facility's existing production capacity. The expected benefits of the expansion may not be realized if Nordural is unable to complete the expansion in the time forecast or experiences significant cost overruns. We may add additional capacity to the current expansion project or in a future expansion of Nordural. In each case, our ability to add the additional capacity depends on our ability to enter into certain key contracts for that capacity.

Operating in foreign countries exposes us to political, regulatory, currency and other related risks.

Nordural is our first facility located outside of the United States and following completion of the ongoing expansion, it will represent 29.5% of our overall primary aluminum production capacity. The bauxite operations related to the Gramercy plant, which we acquired through a joint venture with Falconbridge, are located in Jamaica. We may in the future consider other investments in foreign countries. International operations may expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased cost to adapt our systems and practices to those used in foreign countries, export duties, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws. In addition, we may be exposed to fluctuations in currency exchange rates and, as a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. For example, Nordural's revenues are denominated in U.S. dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros.

Our historical financial information may not be comparable to our results for future periods.

Our historical financial information is not necessarily indicative of our future results of operations, financial position and cash flows. For example, our historical financial data does not reflect the effects of:

- our acquisition of the remaining 20% interest in Hawesville prior to April 1, 2003;
- our acquisition of Nordural prior to April 27, 2004; and
- the equity earnings of the joint venture purchases of the Gramercy assets prior to October 1, 2004.

Our high level of indebtedness requires significant cash flow to meet our debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits our ability to pursue our growth strategy.

We are highly leveraged. We have an aggregate of approximately $671.9 million of outstanding indebtedness as of December 31, 2005. In addition, we could borrow additional amounts under our $100 million credit facility and Nordural has access to an additional $143.0 million under its $365.0 million term loan facility. The level of our indebtedness could have important consequences, including:

- limiting cash flow available for capital expenditures, acquisitions, dividends, working capital and other general corporate purposes because a substantial portion of our cash flow from operations must be dedicated to servicing our debt;
- increasing our vulnerability to adverse economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate;
- placing us at a disadvantage compared to our competitors who may have less debt and greater operating and financing flexibility than we do; and
- limiting our ability to borrow additional funds, which may prevent us from pursuing favorable acquisition opportunities when they arise.

In addition to our indebtedness, we have liabilities and other obligations which could reduce cash available for other purposes and limit our ability to pursue our growth strategy. We will need a significant amount of cash to service our debt. In addition, we will be required to settle in cash up to the principal amount of our convertible notes (which are convertible by the holder at any time) upon conversion, which could increase our debt service obligations. More information about our liquidity and debt service obligations is available at "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

We are also exposed to risks of interest rate increases. Nordural entered into a $365.0 million senior term loan facility and had outstanding borrowings of $230.4 million at December 31, 2005. Nordural's annual debt service requirements will vary, as amounts outstanding under its new term loan facility will bear interest at a variable rate.

Our ability to pay interest and to repay or refinance our indebtedness, including Nordural's senior term loan facility, and our senior notes and convertible notes, and to satisfy other commitments, including funding the Nordural expansion, will depend upon our future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors that are beyond our control. Accordingly, there is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our indebtedness or seek additional equity capital. There can be no assurance that we will be able to accomplish those actions on satisfactory terms, or at all.

Restrictive covenants in our credit facilities and the indenture governing our senior notes limit our ability to incur additional debt and pursue our growth strategy.

Our revolving credit facility and the indenture governing our senior term notes each contain various covenants that restrict the way we conduct our business and limits our ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, which may impair our ability to pursue our growth strategy. See "Liquidity and Capital Resources — Debt Service." Any failure to comply with those covenants may constitute a breach under the revolving credit facility or the indenture governing the notes, which may result in the acceleration of all or a substantial portion of our outstanding indebtedness and termination of commitments under our revolving credit facility. If our indebtedness is accelerated, we may be unable to repay those amounts upon acceleration and our secured lenders could foreclose on any collateral securing our secured debt.

Substantially all of Nordural's assets are pledged as security under its term loan facility, including, but not limited to, all of Nordural's property, plant and equipment related to the smelter and the harbor area and all of Nordural's current and future inventory, receivables, insurance policies, bank accounts, and rights under specified contracts relating to the operation of Nordural, including its tolling, anode supply and power contracts having a term longer than two years. In addition, the shares of Nordural have been pledged to the lenders as collateral. If Nordural is unable to comply with these covenants, the lenders would be able to cancel commitments under Nordural's loan facility, cause all or part of the amounts outstanding under the loan facility to be immediately due and payable and foreclose on any collateral securing the loan facility. The term loan facility also contains restrictions on Nordural's ability to pay dividends, including a requirement that Nordural make a repayment of principal in an amount equal to 50% of any dividend paid to shareholders. See "Liquidity and Capital Resources." Based on Nordural's needs for cash to finance its expansion and operations, we do not currently anticipate that Nordural will distribute any cash in the foreseeable future.

We depend upon dividends from our subsidiaries to meet our debt service obligations.

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of dividends from our subsidiaries. Nordural's senior term loan facility places significant limits on Nordural's ability to pay dividends. Subject to the restrictions contained in our revolving credit facility and the indentures governing our senior and convertible notes, future borrowings by our subsidiaries could contain restrictions or prohibitions on the payment of dividends by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock.

The price of our common stock may fluctuate significantly.

The market price of our common stock has experienced significant volatility from time to time, and this volatility may continue in the future. From January 1, 2005, through February 28, 2006, the intra-day sales price of our common stock on NASDAQ ranged from $17.82 to $39.07 per share. In addition, the securities markets have experienced significant price and volume fluctuations. The market price for our common stock may be affected by a number of factors, including actual or anticipated variations in our quarterly results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, changes in research coverage by securities analysts, the conversion of some or all of our outstanding convertible notes, any announcement by us of significant acquisitions, strategic partnerships, joint ventures or capital commitments, developments in the aluminum industry and sales of substantial numbers of shares by current holders of our common stock in the public market. In addition, general economic, political and market conditions and other factors unrelated to our operating performance may cause the market price of our common stock to be volatile.

Provisions in our charter documents and state law may make it difficult for others to obtain control of Century Aluminum, even though some stockholders may consider it to be beneficial.

Certain provisions of our restated certificate of incorporation and amended and restated bylaws, as well as provisions of the Delaware General Corporation Law, may have the effect of delaying, deferring or preventing a change of control of Century, including transactions in which our stockholders might otherwise have received a substantial premium for their shares over then current market prices. For example, these provisions:

- give authority to our board of directors to issue preferred stock and to determine the price, rights, preferences, privileges and restrictions of those shares without any stockholder vote;
- provide, under our charter documents, for a board of directors consisting of three classes, each of which serves for a different three-year term;
- require stockholders to give advance notice prior to submitting proposals for consideration at stockholders' meetings or to nominate persons for election as directors; and
- restrict, under our charter documents, certain business combinations between us and any person who beneficially owns 10% or more of our outstanding voting stock.

In addition, several of our officers have entered into employment and severance compensation agreements that provide for cash payments, immediate vesting of stock options and performance shares and acceleration of other benefits under certain circumstances, including a change in control of Century. Our 1996 Stock Incentive Plan, as amended, also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change of control, and our Non-Employee Directors' Stock Option Plan provides for acceleration of an option holder's ability to exercise stock options upon a change of control.

Item 1B. *Unresolved Staff Comments*

We have no unresolved comments with the Securities and Exchange Commission.

Item 2. *Properties*

We own the property on which our Hawesville and Ravenswood facilities are located. The 220 acres upon which the Nordural facility is situated is leased from the Government of Iceland under a long-term lease that runs through 2020, renewable at our option. In addition, substantially all of Nordural's assets (including, but not limited to, all of Nordural's property, plant and equipment related to the smelter and the harbor area) are pledged as security for Nordural's obligations under its term loan facility. The corporate offices are subject to an operating lease that expires in June 2010.

We believe all of our facilities are suitable and adequate for our current operations. All of our facilities are operating at or near their productive capacity. Additional information about the age, location, and productive capacity of our facilities is available in the "Overview" section of Item 1, "Business."

Item 3. *Legal Proceedings*

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental and safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes the ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity. For a

description of certain environmental matters involving Century, see Note 13 to the Consolidated Financial Statements included herein.

Item 4. *Submission of Matters to a Vote of Security Holders*

No matters were submitted to a vote of our security holders during the fourth quarter of 2005.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchase of Equity Securities*

Market Information

Our common stock trades on the NASDAQ National Market tier of the NASDAQ Stock Market under the symbol: CENX. The following table sets forth, on a quarterly basis, the high and low sales prices of the common stock during the two most recent fiscal years. Our common stock reached a record intra-day high of $39.07 on February 7, 2006 and closed at $35.47 on March 10, 2006.

	2004				2005			
Year Quarter	First	Second	Third	Fourth	First	Second	Third	Fourth
High sales price	$29.70	$29.40	$28.00	$29.10	$34.70	$32.18	$27.60	$26.79
Low sales price	$19.15	$18.64	$21.70	$22.42	$23.69	$20.16	$20.00	$17.82
Closing sales price	$28.23	$24.79	$27.73	$26.26	$30.26	$20.40	$22.48	$26.21

Holders

As of March 10, 2006, there were 95 holders of record and approximately 14,000 shareholders of our outstanding common stock, which does not include the number of beneficial owners whose common stock was held in street name.

Dividend Information

We did not declare any dividends in 2005 or 2004 on our common stock. In 2004, we paid $3.3 million in dividend arrearages on our convertible preferred stock to Glencore.

Our revolving credit facility and the indenture governing our senior notes contain restrictions which limit our ability to pay dividends. Nordural's term loan facility contains restrictions on Nordural's ability to pay dividends. More information about the terms of our long-term borrowing agreements is available at Note 6 to the Consolidated Financial Statements included herein.

We do not anticipate paying cash dividends in the foreseeable future.

Item 6. *Selected Consolidated Financial Data*

The following table presents selected consolidated financial data for the years indicated. The selected consolidated historical balance sheet data as of each of the years ended December 31, 2005 and 2004 and the selected consolidated statement of operations data for each of the years ended December 31, 2005, 2004, and 2003 is derived from our consolidated financial statements audited by Deloitte & Touche LLP included herein. The selected consolidated historical balance sheet data as of each of the years ended December 31, 2003, 2002 and 2001 and the selected consolidated statement of operations data for each of the years ended December 31, 2002 and 2001 is derived from our consolidated financial statements audited by Deloitte & Touche LLP which are not included herein. Our selected historical results of operations include:

- the results of operations from the 80% interest in Hawesville since we acquired it in April 2001;
- the results of operations from the 20% interest in Hawesville since we acquired it in April 2003;

- the results of operations from Nordural since we acquired it in April 2004; and
- our equity in the earnings of our joint venture investments in Gramercy Alumina LLC and St. Ann Bauxite Ltd. since we acquired an interest in those companies in October 2004.

Our results for these periods and prior periods are not fully comparable to our results of operations for fiscal year 2005 and are may not be indicative of our future financial position or results of operations. The information set forth below should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" and notes thereto.

	Year Ended December 31,				
	2005(1)	2004 Restated(2,3)	2003 Restated(3,4)	2002 Restated(3)	2001 Restated(3)
	(In thousands, except per share data)				
Net sales revenue	$1,132,362	$1,060,747	$ 782,479	$ 711,338	$654,922
Gross profit	161,677	185,287	43,370	20,360	19,129
Operating income	126,904	160,371	22,537	4,577	531
Income (loss) before cumulative effect of change in accounting principle	(116,255)	33,482	3,922	(18,443)	(14,685)
Net income (loss)	(116,255)	33,482	(1,956)	(18,443)	(14,685)
Earnings (loss) per share:					
Basic and Diluted:					
Income (loss) before cumulative effect of change in accounting principle	$ (3.62)	$ 1.14	$ 0.09	$ (0.99)	$ (0.79)
Cumulative effect of change in accounting principle	—	—	(0.28)	—	—
Net income (loss) per share — Basic	$ (3.62)	$ 1.14	$ (0.19)	$ (0.99)	$ (0.79)
Dividends per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.15	$ 0.20
Total assets	$1,677,431	$1,332,553	$ 804,242	$ 763,751	$774,991
Total debt(5)	671,901	524,108	344,125	329,667	329,261
Long-term debt obligations(6)	488,505	330,711	336,310	321,852	321,446
Other information:					
Shipments — Primary aluminum:					
Direct shipment pounds (000)	1,153,731	1,179,824	1,126,542	1,049,295	918,443
Toll shipment pounds (000)(7)	203,966	138,239	—	—	—
Average LME per pound	$ 0.861	$ 0.778	$ 0.649	$ 0.612	$ 0.655
Average Midwest premium per pound	$ 0.056	$ 0.068	$ 0.037	$ 0.041	$ 0.038
Average realized price per pound:					
Direct shipments	$ 0.86	$ 0.83	$ 0.69	$ 0.68	$ 0.71
Toll shipments	$ 0.67	$ 0.62	—	—	—

(1) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $198.2 million, or $6.17 per diluted share for mark-to-market losses on forward contracts, which will settle during the period 2006-2015, that do not qualify for cash flow hedge accounting.

(2) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $30.4 million, or $1.06 per diluted share for a loss on early extinguishment of debt, see Note 6 in the Consolidated Financial Statements included herein.

(3) During the second quarter of 2005, we changed our method of inventory costing from last-in-first-out (LIFO) to first-in-first-out (FIFO). We retroactively restated the financial information for the periods prior to 2005 to reflect this change in accounting principle.

(4) We adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" on January 1, 2003. As a result, we recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle.

(5) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, including, IRBs and the 1.75% Convertible senior notes, excluding preferred stock.

(6) Long-term debt obligations are all payment obligations under long-term borrowing arrangements, excluding the current portion of long-term debt.

(7) Nordural began the start-up of its expansion capacity in February 2006. We expect the tolling shipments to increase to 386 million pounds (175,000 metric tons) in 2006 as a result of this increased capacity.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion reflects our historical results of operations, which do not include results from:

- the remaining 20% interest in Hawesville until acquired in April 2003;
- our ownership of Nordural until acquired in late April 2004, and;
- our ownership interest in the Gramercy assets until acquired in October 2004.

Accordingly, the results for fiscal years 2003 and 2004 are not fully comparable to the results of operations for fiscal year 2005. Our historical results are not indicative of our current business. You should read the following discussion in conjunction with our consolidated financial statements included herein.

Overview

We produce primary aluminum. The aluminum industry is cyclical and the price of primary aluminum (which trades as a commodity) is determined by global supply and demand. The key determinants of our results of operations and cash flow from operations are as follows:

- Our selling price is based on the LME price of primary aluminum and fixed price sales contracts.
- Our facilities operate at or near capacity, and fluctuations in volume, other than through acquisitions, generally are small.
- The principal components of cost of goods sold are alumina, power and labor, which in aggregate were in excess of 70% of the 2005 cost of goods sold. Many of these costs are covered by long-term contracts, as described below.

Average realized price and cost of goods sold per pound shipped are our key performance indicators. Revenue varies significantly from period to period due to fluctuations in the LME and Midwest price of aluminum. Any adverse changes in the conditions that affect the market price of primary aluminum could have a material adverse effect on our results of operations and cash flows. Revenue is also impacted by our hedging activities. Fluctuations in working capital are influenced by the LME and Midwest price of primary aluminum and by the timing of cash receipts and disbursements from major customers and suppliers.

Cost of goods sold, excluding alumina and energy costs, is expected to remain relatively stable because our plants operate near capacity and our major cost drivers are covered by long-term contracts. Fluctuations in the cost of alumina are expected as the pricing in these contracts is variable and, except for the Gramercy alumina contract, based on LME prices.

The long-term success of our U.S. facilities will depend on our ability to operate these facilities at planned capacity and to obtain or renegotiate long-term power, alumina, and labor contracts at economic rates. Our long-term alumina contracts for Ravenswood and a portion of Mt. Holly's requirements expire at the end of 2006. Given the tightening of supply in the alumina market, we expect our alumina costs to increase.

Power contracts for our U.S. facilities provide for primarily fixed priced power through 2010, subject to adjustments for fuel costs for Mt. Holly (the power costs at Mt. Holly were $12.4 million higher in 2005 than 2004, primarily due to fuel cost adjustments), and a possible adjustment arising out of a rate case for Ravenswood. Hawesville's unpriced power increases to 27% (130 MW) in 2007 through 2010. We are currently reviewing our options for the unpriced power. We expect rates for the unpriced power to be significantly higher than the rates paid under our current long-term power contracts. Power contract pricing for Nordural is variable and based on LME prices.

Labor agreements with the United Steelworkers of America at our Hawesville and Ravenswood facilities expire in 2006.

Through our ownership of Ravenswood, Hawesville and Nordural, and our ownership interest in Mt. Holly, we have an annual rated production capacity of approximately 617,000 metric tons of primary aluminum. Our annual production capacity should increase to 745,000 metric tons by the fourth quarter of 2006 with possible further increase to 785,000 metric tons by the end of 2008 as a result of expansions at Nordural.

Recent Developments

Alumina Supply Contract with Trafigura

On March 8, 2006, Century entered into a long-term alumina supply contract with Trafigura for the supply of alumina. Trafigura will supply approximately 125,000 metric tons per year of alumina beginning January 1, 2007, increasing to 220,000 metric tons after January 2008. The contract pricing will be variable, based on the LME price for primary aluminum.

Hawesville Electrical Power Supply Agreements

On February 21, 2006, Century signed an agreement with Kenergy for the supply of a substantial portion of the remaining unpriced power requirements of Hawesville through 2006, at fixed prices. Approximately 2.5% (or 12 MW) of Hawesville's power requirements though 2006 will be priced at variable market rates.

On December 6, 2005, we signed a memorandum of understanding with Big Rivers Electric Corporation and Kenergy Corporation anticipating that the parties would negotiate a contract to replace the current power supply service agreement that provides power to Hawesville. The proposed new agreement, if completed, would restructure and extend the existing power supply contract from 2007 through 2023.

The Nordural Expansion

The start-up of Nordural's expansion capacity began in February 2006. We expect to reach full production capacity of 220,000 metric tons annual production by the fourth quarter of 2006. The expansion is expected to cost approximately $475 million.

In connection with the expansion, we amended several long-term contracts with the Government of Iceland, local municipalities and the Faxafloahafnir sf. We amended the Billiton Tolling Agreement, increasing the volume to 130,000 metric tons per year effective upon completion of the expansion. We have also agreed to an LME-based 10-year alumina tolling contract with Glencore for 90,000 metric tons of the expansion capacity, effective upon the completion of the expansion. Power for the expansion capacity will be purchased under a long-term LME-based agreement with Hitaveita Suðurnesja hf. ("HS") and Orkuveita Reykjavíkur ("OR"). Following completion of the expansion, Nordural will have all the infrastructure and support facilities necessary for further expansion to 260,000 metric tons of annual production capacity. OR has agreed to deliver power that will allow the further expansion to 260,000 metric tons by late 2008. We are considering various options for financing the additional capacity.

Icelandic Greenfield Joint Action Plan

On November 8, 2005, we announced that Nordural signed a joint action plan with the Reykjanesbaer Municipality, the Invest in Iceland Agency, which is owned by the Ministry of Industry and Commerce and the Trade Council of Iceland, to further evaluate the possible construction of a new aluminum smelter in the vicinity of Helguvik, approximately 30 miles from the city of Reykjavik. The joint action plan will focus on the development of an industrial site, securing power generation and transmission, satisfying environmental regulations and meeting other regulatory and administrative requirements. The joint action plan is scheduled for completion no later than July 2006.

$100 Million Revolving Credit Facility

On September 19, 2005, we entered into a new five-year $100.0 million senior secured revolving credit facility with a syndicate of lending institutions. The new credit facility replaced our previous $100.0 million senior secured revolving credit.

New Directors and Officers

On January 25, 2006, our Board of Directors (the "Board") elected Jarl Berntzen to serve as a member of the Board effective March 8, 2006.

On January 9, 2006, we announced that Michael A. Bless would succeed David W. Beckley as Executive Vice President and Chief Financial Officer of the Company upon Mr. Beckley's retirement on January 23, 2006.

On December 13, 2005, Logan W. Kruger was appointed President and Chief Executive Officer, succeeding Craig A. Davis who retired effective December 31, 2005. Mr. Davis continues to serve as the Chairman of our Board.

Key Long-Term Contracts

Primary Aluminum Sales Contracts

We routinely enter into market priced contracts for the sale of primary aluminum. A summary of Century's long-term primary aluminum sales contracts is provided below.

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement(1)	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I(2) . . .	Glencore	50,000 metric tons per year	January 2005 through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II(3) . .	Glencore	20,000 metric tons per year	January 2004 through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement(4)	Southwire	240 million pounds per year (high purity molten aluminum)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market

(1) Alcan has the right, upon 12 months notice, to reduce its purchase obligations by 50% under this contract.

(2) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore

Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(3) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(4) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1)(2)	BHP Billiton	130,000 mtpy	Through December 2013	LME-based
Glencore Tolling Agreement(3)(4)	Glencore	90,000 mtpy	Through July 2016	LME-based

(1) Substantially all of Nordural's existing sales consist of tolling revenues earned under a long-term Alumina Supply, Toll Conversion and Aluminum Metal Supply Agreement (the "Billiton Tolling Agreement") between Nordural and a subsidiary of BHP Billiton Ltd (together with its subsidiaries, "BHP Billiton"). Under the Billiton Tolling Agreement, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum.

(2) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tons to 130,000 metric tons of the per annum production capacity at Nordural effective upon the completion of the expansion.

(3) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of the expansion capacity at Nordural. The term of the agreement is expected to begin July 2006.

(4) In December 2005, Glencore assigned to Hydro 50% of its tolling rights under this agreement for the period 2007 to 2010. Nordural consented to the assignment.

Key Long-Term Supply Agreements

Alumina Supply Agreements

We are party to long-term supply agreements with Glencore that supply a fixed quantity of alumina to our Ravenswood and Mt. Holly facilities at prices indexed to the price of primary aluminum quoted on the LME. We recently entered into a long-term supply agreement with Trafigura to supply alumina beginning in 2007. We are party to a long-term supply agreement with Gramercy Alumina LLC that supplies a fixed quantity of alumina to Hawesville at prices based on the alumina production costs at the Gramercy refinery. A summary of these agreements is provided below. Nordural toll converts alumina provided by BHP Billiton, and will toll convert alumina provided by Glencore beginning in 2006.

Facility	Supplier	Term	Pricing
Ravenswood	Glencore	Through December 31, 2006	Variable, LME-based
Mt. Holly	Glencore	Through December 31, 2006 (54% of requirement)	Variable, LME-based
Mt. Holly	Glencore	Through January 31, 2008 (46% of requirement)	Variable, LME-based
Hawesville(1)	Gramercy Alumina	Through December 31, 2010	Variable, Cost-based
Undesignated(2)	Trafigura	January 1, 2007 through December 31, 2013	Variable, LME-based

(footnotes continued on following page)

(footnotes continued from previous page)

(1) The alumina supply agreement with Gramercy Alumina LLC, which was entered into on November 2, 2004, replaced our alumina supply agreement with Kaiser.

(2) The alumina supply contract with Trafigura will supply Century with 125,000 metric tons in 2007 and 220,000 metric tons beginning in 2008 through 2013.

Electrical Power Supply Agreements

We use significant amounts of electricity in the aluminum production process. A summary of these power supply agreements is provided below.

Facility	Supplier	Term	Pricing
Ravenswood(1) ..	Appalachian Power Company	Continuous	Fixed price
Mt. Holly	South Carolina Public Service Authority	Through December 31, 2015	Fixed price, with fuel cost adjustment clause through 2010; subject to a new fixed price schedule after 2010
Hawesville	Kenergy	Through December 31, 2010	Fixed price through 2006, 27% (or 130 MW) unpriced 2007 though 2010
Nordural(2)	Landsvirkjun	Through 2019	Variable rate based on the LME price for primary aluminum

(1) On February 18, 2005, Century of West Virginia signed an agreement with Appalachian Power Company for the supply of electricity to Ravenswood beginning January 1, 2006. The agreement is continuous; however after an initial term of two years Century may give 12 months' notice of cancellation. Power under the new agreement is priced under an Appalachian Power tariff. Appalachian Power Company filed a rate case on September 26, 2005, seeking increases in its tariff rates. It has advised Century it expects those rates to become effective July 1, 2006. We intend to contest the rate increase.

(2) In connection with the expansion of Nordural, Nordural entered into contracts with Hitaveita Suðurnesja hf. and Orkuveita Reykjavíkur for the supply of the power required for 130,000 metric tons of the expansion capacity. Nordural may purchase additional electrical power under one of those contracts to support the further expansion of the facility. The rate for the power supplied under both contracts is LME-based.

Labor Agreements

Our labor costs at Ravenswood and Hawesville are subject to the terms of labor contracts which generally have provisions for annual fixed increases in hourly wages and benefits adjustments. The six labor unions represented at Nordural operate under a labor contract that establishes wages and work rules for covered employees. The employees at Mt. Holly are employed by Alcoa and are not unionized. A summary of key labor agreements is provided below.

Facility	Organization	Term
Hawesville	USWA	Through March 31, 2006
Ravenswood	USWA	Through May 31, 2006
Mt. Holly	Not unionized	Not Applicable
Nordural(1)	Icelandic labor unions	Through December 31, 2009
Gramercy	USWA	Through September 30, 2010
St. Ann(2)	Jamaican labor unions	Through December 31, 2007

(1) The Nordural union employees approved the current labor contract in April 2005. The contract's provisions, including wage increases and increases in pension payments, were retroactive to January 1, 2005.

(2) St. Ann has two labor unions, the University and Allied Workers Union (the "UAWU") and a smaller union covering certain salaried employees. St. Ann renegotiated the UAWU labor contracts in 2005 and the labor agreement will expire on April 30, 2007. On February 14, 2006, the salaried employees' labor union agreed to a labor contract that will expire on December 31, 2007.

Application of Critical Accounting Policies

Our significant accounting policies are discussed in Note 1 of the consolidated financial statements. The preparation of the financial statements requires that management make subjective estimates, assumptions and judgments in applying these accounting policies. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Critical accounting estimates require management to make assumptions about matters that are highly uncertain at the time of the estimate and a change in these estimates may have a material impact on the presentation of our financial position or results of operations. Significant judgments and estimates made by our management include expenses and liabilities related to pensions and other postemployment benefits and forward delivery contracts and financial instruments.

Pension and Other Postemployment Benefit Liabilities

We sponsor various pension plans and also participate in a union sponsored multi-employer pension plan for the collective bargaining unit employees at Hawesville. The liabilities and annual income or expense of our pension and other postemployment benefit plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate and the long-term rate of asset return.

In developing our expected long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our pension investments will generate long-term rates of return of 9.0%. Our expected long-term rate of return is based on an assumed asset allocation of 65% equity funds and 35% fixed-income funds.

Discount Rate Selection

It is our policy to select a discount rate for purposes of measuring obligations under the pension and retiree medical plans by matching cash flows separately for each plan to yields on zero coupon bonds. We use the Citigroup Pension Liability Index for determining these yields.

The Citigroup Pension Liability Index was specifically developed to meet the criteria set forth in paragraph 186 of FAS 106. The published information at the end of each calendar month includes spot rate yields (zero coupon bond yield estimates) in half year increments for use in tailoring a discount rate to a particular plan's projected benefit cash flows. The Citigroup Pension Liability Index rate represents the discount rate developed from these spot rate yields, based on the pattern and duration of the benefit payments of a typical, large, somewhat mature pension plan.

The individual characteristics of each plan, including projected cash flow patterns and payment durations, have been taken into account, since discount rates are determined on a plan-by-plan basis. We will generally select a discount rate rounded to the nearest 0.25%, unless specific circumstances provide for a more appropriate non-rounded rate to be used. We believe the projected cash flows used to determine the Citigroup Pension Liability Index rate provide a good approximation of the timing and amounts of our defined benefits payments under our plans and no adjustment to the Citigroup Pension Liability Index rate has been made.

Therefore, as of December 31, 2005, Century has selected a discount rate of 5.50% for all of the post retirement and post-employment plans and 5.25% for our worker's compensation plans.

Although the duration of the Supplemental Executive Retirement Benefits ("SERB") Plan is slightly shorter than the Salaried Plan, Century Aluminum will also use a 5.50% discount rate for this plan. Because we do not believe that the difference in duration is significant, and because the obligations of the SERB are very small in comparison to the other plans, we feel that the disclosure of a single rate that was used for the majority of the obligations will enhance the reader's understanding of the employee benefit footnote, rather than a weighted average rate that may complicate any determinations the reader may have.

We have modified our approach for selecting a discount rate. For prior valuations, we looked to the yields on high quality corporate bond indices at the measurement date, such as Moody's Aa, and made any adjustments, as appropriate, based on differences between the index and our plans. We changed our approach because the method now used provides for a more precise method of determining an appropriate discount rate. In accordance with SFAS No. 87, this change is a change in basis of estimation, not a change in method of applying an accounting principle.

Lowering the expected long-term rate of return by 0.5% (from 9.0% to 8.5%) would have increased our pension expense for the year ended December 31, 2005 by approximately $0.3 million. Lowering the discount rate assumptions by 0.5% would have increased our pension expense for the year ended December 31, 2005 by approximately $0.4 million.

Century provides postemployment benefit plans that provide health care and life insurance benefits for substantially all retired employees of our U.S. based operations. FAS 106 requires the accrual of the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

Measurement of our postretirement benefit obligations requires the use of several assumptions about factors that will affect the amount and timing of future benefit payments. The assumed health care cost trend rates are the most critical assumptions for measurement of the postretirement benefits obligation. Changes in the health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations.

Century assumes medical inflation is initially 9%, declining to 5% over six years and thereafter. A one-percentage-point change in the assumed health care cost trend rates would have the following effects in 2006:

	One Percentage Point Increase	One Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	$ 1,381	$ (1,275)
Effect on accumulated postretirement benefit obligation	$32,915	$(26,115)

Forward Delivery Contracts and Financial Instruments

We routinely enter into market-priced physical and fixed-priced financial contracts for the sale of primary aluminum and the purchase of raw materials in future periods. We apply the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended," in accounting for these types of contracts. For those physical delivery contracts which management believes are probable of future delivery, such contracts are classified as normal purchases and normal sales and are not accounted for as derivatives.

The aluminum-based financial and physical delivery contracts that are derivatives, as provided for in current accounting standards, are marked-to-market using the LME spot and forward market for primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for management to estimate the U.S. Midwest premium. Fluctuations in the LME price of primary aluminum have a significant impact on gains and losses included in our financial statements from period to period. Unrealized gains and losses are either included in Other comprehensive income (loss) (for cash flow hedges) or Net gain (loss) on forward contracts (for derivative instruments), depending on criteria as provided for in the accounting standards.

The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have a significant impact on gains and losses included in our financial statements from period to period. We have designated these forward contracts as cash flow hedges for forecasted natural gas transactions in accordance with the provisions of SFAS No. 133 (as amended). We assess the effectiveness of these cash flow hedges quarterly. The effective portion of the gains and losses are recorded in other comprehensive income (loss) and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

The principal contracts affected by these standards and the resulting effects on the financial statements are described in Note 14 to the consolidated financial statements included herein.

Results of Operations

The following table sets forth, for the years indicated, the percentage relationship to net sales of certain items included in our Statements of Operations. The following table includes the results from our additional 20% interest in Hawesville since its acquisition in April 2003, the results from our purchase of Nordural since its acquisition in April 2004 and the results from our interest in the Gramercy assets since its acquisition in October 2004.

	Percentage of Net Sales		
	2005	2004 Restated	2003 Restated
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	(85.7)	(82.5)	(94.5)
Gross profit	14.3	17.5	5.5
Selling, general and administrative expenses	(3.1)	(2.4)	(2.6)
Operating income	11.2	15.1	2.9
Interest expense	(2.3)	(3.8)	(5.5)
Interest income	0.1	0.1	—
Loss on early extinguishment of debt	(0.1)	(4.5)	—
Other expense	—	(0.1)	(0.1)
Net gain (loss) on forward contracts	(27.2)	(2.0)	3.3
Income (loss) before income taxes, minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	(18.3)	4.8	0.6
Income tax benefit (expense)	7.1	(1.7)	(0.1)
Income (loss) before minority interest, equity in earnings of joint venture and cumulative effect of accounting change	(11.2)	3.1	0.5
Minority interest	—	—	0.1
Equity in earnings of joint venture	0.9	0.1	—
Income (loss) before cumulative effect of change in accounting principle	(10.3)	3.2	0.6
Cumulative effect of change in accounting principle	—	—	(0.8)
Net income (loss)	(10.3)%	3.2%	(0.2)%

The following table sets forth, for the periods indicated, the pounds and the average sales price per pound shipped:

	Primary Aluminum					
	Direct			Toll		
	Metric Tons	Pounds (000)	$/Pound	Metric Tons	Pounds (000)	$/Pound
2005						
Fourth Quarter	132,712	292,581	$0.88	23,302	51,372	$0.69
Third Quarter	129,555	285,619	0.83	23,435	51,665	0.64
Second Quarter	130,974	288,748	0.86	23,025	50,761	0.67
First Quarter	130,083	286,783	0.88	22,756	50,168	0.67
Total	523,324	1,153,731	$0.86	92,518	203,966	$0.67
2004						
Fourth Quarter	133,940	295,287	$0.87	23,324	51,421	$0.64
Third Quarter	132,893	292,978	0.83	23,232	51,218	0.61
Second Quarter(2)	133,726	294,816	0.82	16,148	35,600	0.60
First Quarter	134,601	296,743	0.78	—	—	—
Total	535,160	1,179,824	$0.83	62,704	138,239	$0.62
2003						
First Quarter	116,592	257,040	$0.70	—	—	$ —
Second Quarter(1)	131,552	290,023	0.68	—	—	—
Third Quarter	132,706	292,567	0.69	—	—	—
Fourth Quarter	130,141	286,912	0.72	—	—	—
Total	510,991	1,126,542	$0.69	—	—	$ —

(1) The table includes the results from our additional 20% interest in Hawesville since its acquisition in April 2003.

(2) The table includes the results from our purchase of Nordural since its acquisition in April 2004.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Net sales: Net sales for the year ended December 31, 2005 increased $71.6 million or 7% to $1,132 million. Higher price realizations for primary aluminum in 2005, due to an improved LME price and Midwest premium for primary aluminum, contributed an additional $41.7 million in sales. This amount was partially offset by a $21.5 million decrease in direct shipment revenues. Direct shipments were 26.1 million pounds less than the previous year due to reduced pot count at Hawesville and fewer days in 2005 versus 2004. The additional revenue provided by Nordural tolling activities for the year ended December 31, 2005 contributed $51.4 million to the 2005 net sales increase.

Gross profit: For the year ended December 31, 2005, gross profit decreased $23.6 million to $161.7 million. Improved price realizations net of increased alumina costs improved gross profit by $42.6 million. Increased shipment volume, the result of the Nordural acquisition, contributed $11.6 million in additional gross profit. Offsetting these gains were $77.8 million in net cost increases comprised of: higher raw material costs and replacement of pot cells, $22.9 million; increased cost of Gramercy alumina, $19.5 million; higher power and natural gas costs, $17.6 million; increased net amortization and depreciation charges, $6.2 million; increased pension and other post-employment benefit accruals, $3.3 million and other increased spending, $8.3 million.

Selling, general and administrative expenses: Selling, general and administrative expenses for the year ended December 31, 2005 increased $9.9 million to $34.8 million relative to the same period in 2004.

Approximately 63%, or $6.2 million of the increase, was a result of increased compensation and pension expense, with the remaining increase associated with increased professional fees and other general expenses. In addition, allowance for bad debts was reduced $0.6 million in 2004, reflecting the settlement of a claim.

Interest expense, net: Interest expense for the year ended December 31, 2005 declined $14.9 million to $24.3 million. The reduction in interest expense was a direct result of our refinancing activities during the year 2004.

Net gain/loss on forward contracts: For the year ended December 31, 2005, net loss on forward contracts was $309.7 million as compared to a net loss on forward contracts of $21.5 million for the same period in 2004. The loss reported for the year ended December 31, 2005 was primarily a result of mark-to-market losses associated with our long term financial sales contracts with Glencore that do not qualify for cash flow hedge accounting. The losses reported for the year ended December 31, 2004 primarily relate to the early termination of a fixed price forward sales contract with Glencore.

Loss on early extinguishment of debt: For the year ended December 31, 2005, we recorded a loss of $0.8 million with the redemption of the remaining $9.9 million of outstanding 11.75% senior secured first mortgage notes. For the year ended December 31, 2004, we recorded a loss of $47.4 million for the cost of tendering the first mortgage notes.

Tax provision: We recorded an income tax benefit for the year ended December 31, 2005 of $80.7 million, a change of $98.9 million from the recorded tax expense of $18.2 million for the year ended December 31, 2004. The change in the tax provision is due to changes in the income (loss) before income taxes and the discontinuance of accrual for United States taxes on Nordural's earnings, resulting from a decision made in 2005 that such earnings would remain invested outside the United States indefinitely. These items were partially offset by changes in equity in earnings of joint ventures.

Equity in earnings of joint venture: Equity in earnings from the Gramercy and SABL investments, which were acquired on October 1, 2004, was $10.7 million for the year ended December 31, 2005. These earnings represent our share of profits from third-party bauxite, hydrate and chemical grade alumina sales.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Net sales. Net sales for the year ended December 31, 2004 increased $278.3 million or 36% to $1,060.7 million. Higher price realizations for primary aluminum in 2004, due to an improved LME price and Midwest premium for primary aluminum, contributed an additional $155.4 million in sales. Shipment volume increased 191.5 million pounds, primarily associated with the Nordural acquisition beginning in late April 2004 and the acquisition of the additional 20% interest in Hawesville beginning in April 2003. Tolling revenues from the Nordural acquisition contributed an additional $85.4 million in net sales. The remaining $37.5 million increase was associated with increased direct shipment volumes.

Gross profit. For the year ended December 31, 2004, gross profit improved $141.9 million to $185.3 million. Improved price realizations net of increased alumina costs improved gross profit by $120.9 million with increased shipment volume, primarily a result of Nordural acquisition in April 2004 and the acquisition of the additional 20% interest in Hawesville beginning in April 2003, contributing $36.8 million in additional gross profit. Offsetting these gains were increased power costs due to lower efficiencies and price, $7.7 million; raw material quality issues, $4.6 million; and costs associated with the replacement of pot cells and its effect on operational performance, $3.5 million.

Selling, general and administrative expenses. Selling, general and administrative expenses for the year ended December 31, 2004 increased $4.1 million from the same period in 2003. The increase was primarily a result of incentive compensation expense accruals and increased fees associated with Sarbanes Oxley Section 404 compliance work during the year.

Interest expense, net: Interest expense during the year ended December 31, 2004 declined $4.3 million to $39.2 million. The change in interest expense was a direct result of our refinancing activities in 2004.

Net gain/loss on forward contracts. For the year ended December 31, 2004, net loss on forward contracts was $21.5 million as compared to a net gain on forward contracts of $25.7 million for the same period in 2003. The loss and gain reported for the years ended December 31, 2004 and December 31, 2003, respectively, primarily relate to the early termination in 2003 of a fixed price forward sales contract with Glencore and the improved LME price and Midwest premium for primary aluminum in the current period.

Loss on early extinguishment of debt. For the year ended December 31, 2004, we recorded a loss on early extinguishment of debt of $47.4 million for the one-time cost of tendering the first mortgage notes.

Tax provision. Income tax expense for the year ended December 31, 2004 increased $17.1 million due to the changes in income before income taxes discussed above.

Equity in earnings of joint venture: Equity in earnings from the Gramercy assets, which were acquired on October 1, 2004, was $0.8 million in the current period.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flow from operations and available borrowings under our revolving credit facility and Nordural's term loan facility. We believe these sources of cash will be sufficient to meet our near-term working capital needs. We have not determined the sources of funding for our long-term debt repayment requirements; however, it is likely that these sources would include cash flow from operations, available borrowing under our revolving credit facility and to the extent necessary and/or economically attractive, future financial market activities. Our principal uses of cash are operating costs, payments of interest on our outstanding debt, the funding of capital expenditures and investments in related businesses, working capital and other general corporate requirements.

As of December 31, 2005, we had $671.9 million of indebtedness outstanding, including $175.0 million of principal under our 1.75% convertible senior notes, $250.0 million of principal under our 7.5% senior notes, $222.0 million of indebtedness outstanding under the term loan outstanding at Nordural, $8.1 million of borrowings under our revolving credit facility, $7.8 million of principal under our industrial revenue bonds, and $9.0 million indebtedness outstanding for various site loans at Nordural. More information concerning the various debt instruments and our borrowing arrangements is available in Note 6 to the Consolidated Financial Statements included herein.

Adjusted Working Capital

Adjusted Working Capital Calculation as of December 31,

	2005	2004 Restated
	(Dollars in thousands)	
Current assets	$ 294,493	$ 285,774
Current liabilities	(467,045)	(387,458)
Working capital	(172,552)	(101,684)
Adjustments(1):		
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Adjusted working capital	$ 10,263	$ 81,131

(1) The convertible senior notes mature in 2024. The industrial revenue bonds mature in 2028. Due to certain features of these debt instruments, they are classified as current liabilities. For example, the convertible senior notes are classified as current because they may be converted by the holder at any time.

Our adjusted working capital decreased during 2005 because our Due to Affiliates liability increased, primarily as a result of the mark-to-market of derivative contracts with Glencore that settle in 2006. We expect working capital to increase as the Nordural expansion comes on line in 2006. With the exception of

Nordural and mark-to-market adjustments on our derivative contracts, we do not anticipate significant changes in working capital.

Capital Resources

Capital expenditures for 2005 were $298.1 million, $280.1 million of which was related to the expansion project at Nordural, with the balance principally related to upgrading production equipment, maintaining facilities and complying with environmental requirements. We anticipate capital expenditures of approximately $15.0 to $20.0 million in 2006, exclusive of the Nordural expansion. The Nordural expansion will require approximately $134.0 million of capital expenditures in 2006. Through December 31, 2005, we had outstanding capital commitments related to the Nordural expansion of $89.9 million. Our cost commitments for the Nordural expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the euro and the Icelandic krona. As of December 31, 2005, we had no hedges to mitigate our foreign currency exposure.

Historical

Our Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003 are summarized below:

	2005	2004	2003
		(Dollars in thousands)	
Net cash provided by operating activities	$ 134,936	$ 105,828	$ 87,379
Net cash used in investing activities	(305,339)	(275,286)	(78,695)
Net cash (used in) provided by financing activities	143,987	185,422	(25,572)
Increase (decrease) in cash and cash equivalents	$ (26,416)	$ 15,964	$(16,888)

Net cash from operating activities of $134.9 million in 2005 was $29.1 million higher than the same period in 2004. Exclusive of the $50.3 million cash payment in 2004 for the tender premium plus accrued interest for the refinancing of our first mortgage notes, net cash from operating activities decreased $21.2 million in 2005. This decrease was a direct result of lower gross profit, offset by lower debt service costs related to the 2004 debt refinancing.

Net cash from operating activities of $105.8 million in 2004 was $18.4 million higher than the same period in 2003. Exclusive of the $35.5 million settlement received in 2003 from the termination of a primary aluminum sales contract and entering into the Glencore Metal Agreement I for the years 2005 through 2009 and the $50.3 million cash payment in 2004 for the tender premium plus accrued interest for the refinancing of our first mortgage notes, net cash from operating activities increased $104.2 million in 2004. This increase was a direct result of improved price realizations and the added margin contributions from Nordural which was acquired in April 2004.

Net cash used in investing activities in 2005 was $305.3 million, an increase of $30.0 million from 2004. Exclusive of the net acquisition cost of $7.0 million for a Southwire contingency payment in April 2005, related to the Hawesville acquisition in 2001, the combined net acquisition cost of Nordural in April 2004 and the Gramercy assets in October 2004 of $198.6 million, net cash used in investing activities increased $221.6 million. Purchases of property, plant and equipment, including the Nordural expansion costs, were $298.1 million in 2005 as compared to the purchases of property, plant and equipment of $75.0 million in 2004.

Century's net cash used in investing activities in 2004 was $275.3 million, an increase of $196.6 million from 2003. The combined net acquisition cost of Nordural in April 2004 and the Gramercy assets in October 2004 was $198.6 million as compared to the net acquisition cost for the additional 20% interest in Hawesville in April 2003 of $59.8 million. Purchases of property, plant and equipment, including the Nordural expansion costs, were $75.0 million in 2004 as compared to the 2003 purchases of property, plant and equipment of $18.9 million.

Net cash provided by financing activities during 2005 was $144.0 million, a decrease of $41.4 million from the previous year. During 2005, we borrowed $222.9 million under Nordural's new term loan facility, borrowed $8.1 million under our revolving credit facility, and received proceeds from the issuance of common stock of $1.4 million. The additional borrowings were partially offset by debt repayments of $83.3 million, consisting of payments of $9.9 million for the remaining first mortgage notes tendered in a debt refinancing, $68.5 million for the prior Nordural term loan facility and $4.9 million for other miscellaneous debt payments. Additionally, we paid $5.1 million of financing fees for Nordural's new term loan facility and our revolving credit facility.

Net cash provided by financing activities during 2004 was $185.4 million, an increase of $211.0 million from the previous year. The increase was primarily due to the issuance of $425.9 million of debt, and the issuance of $215.8 million of common stock. This increase was partially offset by debt repayments of $439.9 million, consisting of $315.1 million for the first mortgage notes tendered in a debt refinancing, $106.9 million for the Nordural term loan facility, $14.0 million for the repayment of the Glencore note, and $3.9 million for other miscellaneous debt payments. Additionally, Century paid $13.1 million of financing fees for the debt issued in the fourth quarter of 2004 and $3.3 million payment of accrued preferred dividends in the second quarter of 2004.

Contractual Obligations

In the normal course of business, we have entered into various contractual obligations that will be settled in cash. These obligations consist primarily of long-term debt obligations and purchase obligations. The expected future cash flows required to meet these obligations are shown in the table below. The purchase obligations consist of long-term supply contracts for alumina and electrical power. The Pension and OPEB obligations includes the estimated benefit payments through 2015 for our pension, SERB, other postretirement benefits plans. Other long-term liabilities include asset retirement obligations and workers' compensation liabilities. More information is available about these contractual obligations in the notes to the Consolidated Financial Statements included herein.

	Payments Due by Period						
	Total	2006	2007	2008	2009	2010	Thereafter
				(Dollars in millions)			
Long-term debt(1)	$ 671.9	$ 0.6	$ 30.1	$ 28.6	$ 28.7	$145.3	$438.6
Estimated interest payments(2)	272.1	37.9	37.0	35.2	34.3	25.7	102.0
Purchase obligations(3)	1,565.8	427.1	298.8	220.1	214.7	213.0	192.1
OPEB obligations(4)	76.9	5.0	5.6	6.2	6.9	7.6	45.6
Other long-term liabilities(5)	189.3	7.1	6.5	10.4	6.3	6.3	152.7
Total	$2,776.0	$477.7	$378.0	$300.5	$290.9	$397.9	$931.0

(1) Debt includes principal repayments on the 7.5% senior notes, 1.75% convertible senior notes, the IRBs, borrowing on our revolving credit facility, and the Nordural debt.

(2) Estimated interest payments on our long-term debt are based on several assumptions, including the borrowing under the term loan facility for the Nordural expansion project and assumptions for the interest rates for our variable rate debt. Our variable rate debt is based primarily on the Eurodollar rate plus an applicable margin. We assume that the Eurodollar rate will be 4.50% in 2006 increasing to 5.00% in 2009 and remaining steady thereafter. The IRB's interest rate is variable and our estimated future payments based on a rate of 3.30%. In addition, we assume the 7.5% senior notes due 2014 and 1.75% convertible senior notes due in 2024 will remain outstanding until their respective due dates. The borrowings on our revolving credit facility are assumed to remain outstanding through 2010 (the term of the credit facility) and the interest rate is assumed to be 7.0%.

(3) Purchase obligations include long-term alumina, electrical power contracts, anode contracts and the Nordural expansion project commitments. Nordural's power contracts and our domestic alumina contracts, except for our Gramercy alumina contract, are priced as a percentage of the LME price of primary aluminum. We assumed an LME price of $1,900 per metric ton for 2006, $1,800 per metric ton for 2007, $1,650 per metric ton for 2008 and $1,550 per metric ton thereafter for purposes of calculating expected future cash flows for these contracts. Our Gramercy long-term alumina contract has variable cost-based pricing. We used GAL cost forecasts to calculate the expected future cash flows for this contract. The Nordural anode contract and some Nordural expansion contract commitments are denominated in euros. We assumed a $1.20/Euro conversion rate to estimate the obligations under these contracts.

(4) Includes the estimated benefit payments for our OPEB obligations through 2015, which are unfunded.

(5) Other long-term liabilities include our expected pension contributions, SERB benefit payments, workers' compensation benefit payments, estimated tax payments and asset retirement obligations. Expected benefit payments for the SERB plans, which are unfunded, are included for 2006 through 2015. Our estimated contributions to the pension plans are included for 2006. Estimated contributions for 2007 and beyond are not included in the table because these estimates would be heavily dependent upon assumptions about future events, including, among other things, future regulatory changes, changes to tax laws, future interest rates levels and future return on plan assets. Asset retirement obligations consist primarily of disposal costs for spent potliner. The amount and timing of these costs are estimated based on the number of operating pots and their expected pot life.

Environmental Expenditures and Other Contingencies

We have incurred and in the future will continue to incur capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance.

The aggregate environmental related accrued liabilities were $0.5 million and $0.6 million at December 31, 2005 and December 31, 2004, respectively. We believe that compliance with current environmental laws and regulations is not likely to have a material adverse effect on our financial condition, results of operations or liquidity; however, environmental laws and regulations may change, and we may become subject to more stringent environmental laws and regulations in the future.

We have planned environmental capital expenditures of approximately $1.8 million for 2006. In addition, we expect to incur operating expenses relating to environmental matters of approximately $11.4 million, $11.9 million, and $12.5 million in 2006, 2007 and 2008, respectively. These amounts do not include any projected capital expenditures or operating expenses for our joint venture interest in the Gramercy assets. As part of our general capital expenditure plan, we also expect to incur capital expenditures for other capital projects that may, in addition to improving operations, reduce certain environmental impacts. See Note 13 "Commitments and Contingencies."

Century's income tax returns are periodically examined by various tax authorities. We are currently under audit by the Internal Revenue Service ("IRS") for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. We are reviewing the issues raised by the IRS and plan to contest the proposed tax deficiencies. We believe that our tax position is well-supported and, based on current information, do not believe that the outcome of the tax audit will have a material impact on our financial condition or results of operations.

We are a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See Item 3, "Legal Proceedings."

Recently Adopted Accounting Standards

In March 2005, the FASB issued Interpretation No. ("FIN") 47, "Accounting for Conditional Asset Retirement Obligations," which clarifies certain guidance used in SFAS No. 143, "Accounting for Asset Retirement Obligations." We adopted FIN 47 in December 2005 and recorded an adjustment to our asset retirement obligations.

When we initially adopted SFAS No. 143 in 2003, we recognized asset retirement obligations related to the disposal of spent pot liner used in the reduction cells of our facilities. In our initial calculation of the asset retirement obligations, we included our costs to remove the spent potliner as part of our asset retirement obligations. Under FIN 47, these removal costs should not have been included in our asset retirement obligations and should have been accounted for as maintenance costs. The adoption of FIN 47 did not have a material effect on our financial position, statement of operations, and liquidity.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), "Share Based Payment." This Statement is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." This statement focuses primarily on accounting for transactions in which a company obtains services in share-based payment transactions. This Statement will require us to recognize the grant date fair value of an award of equity-based instruments to employees and the cost will be recognized over the period in which the employees are required to provide service. The Statement is effective for fiscal year 2006 and thereafter.

We have adopted SFAS No. 123(R) effective January 1, 2006. We have elected to use the Modified Prospective Application Method. Under this method, we will recognize the fair value of employee stock-based compensation awards as compensation cost beginning January 1, 2006. SFAS No. 123(R) will apply to new awards granted subsequent to our adoption and for any portion of previous awards that had not vested as of January 1, 2006. The compensation cost recognized from the unvested awards will be based on the original grant-date fair value used to calculate our pro forma financial disclosure under SFAS No. 123. We would recognize stock-based compensation expense before income tax benefit of approximately $3.3 million ($1.8 million in 2006, $1.2 million in 2007, and $0.3 million in 2008) related to the stock option awards outstanding at December 31, 2005.

Recently Issued Accounting Standards

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs." This Statement amends the guidance in Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing" to clarify the accounting treatment for certain inventory costs. In addition, the Statement requires that the allocation of production overheads be based on the facilities' normal production capacity. The Statement is effective for fiscal year 2006 and thereafter. We are currently assessing the Statement and have not yet determined the impact of adopting SFAS No. 151 on our financial position and results of operations,

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

Commodity Price Sensitivity

We are exposed to the price of primary aluminum. We manage our exposure to fluctuations in the price of primary aluminum by selling aluminum at fixed prices for future delivery and through financial instruments, as well as by purchasing alumina under supply contracts with prices tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum). Our risk management activities do not include any trading or speculative transactions. The following table shows our forward priced sales as a percentage of our estimated production capacity.

Forward Priced Sales as of December 31, 2005

	2006(1)(2)	2007(2)	2008(2)	2009(2)	2010(2)	2011-2015(2)
Base Volume:						
Pounds (000)	437,381	374,565	240,745	231,485	231,485	826,733
Metric tons	198,393	169,900	109,200	105,000	105,000	375,000
Percent of capacity	28%	22%	14%	14%	14%	10%
Potential additional volume(2):						
Pounds (000)	55,556	111,113	220,903	231,485	231,485	826,733
Metric tons	25,200	50,400	100,200	105,000	105,000	375,000
Percent of capacity	4%	7%	13%	14%	14%	10%

(1) The forward priced sales in 2006 exclude January 2006 shipments to customers that are priced based upon the prior month's market price.

(2) Certain financial contracts included in the forward priced sales base volume for the period 2006 through 2015 contain clauses that trigger potential additional sales volume when the market price for a contract month is above the base contract ceiling price. These contacts will be settled monthly and, if the market price exceeds the ceiling price for all contract months through 2015, the potential sales volume would be equivalent to the amounts shown above.

Apart from the contracts described under "Key Long-Term Primary Aluminum Sales Contracts," we had forward delivery contracts to sell 107,546 metric tons and 113,139 metric tons of primary aluminum at December 31, 2005 and December 31, 2004, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 4,643 metric tons and 6,033 metric tons of primary aluminum at December 31, 2005 and December 31, 2004, respectively, of which, 186 metric tons at December 31, 2005 were with Glencore (none in 2004).

Financial Sales Agreements

To mitigate the volatility in our unpriced forward delivery contracts, we enter into fixed price financial sales contracts, which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is our counterparty for all of these financial sales contracts.

Substantially all of the contracts accounted for as derivatives contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 760,800 metric tons. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at December 31, 2005 or December 31, 2004.

Primary Aluminum Financial Sales Contracts as of:

	December 31, 2005			December 31, 2004		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
	(Metric Tons)					
2005	—	—	—	193,083	—	193,083
2006	142,750	51,000	193,750	142,750	25,200	167,950
2007	119,500	50,400	169,900	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	75,000	84,000
2009	—	105,000	105,000	—	75,000	75,000
2010	—	105,000	105,000	—	75,000	75,000
2011-2015	—	375,000	375,000	—	—	—
Total	271,250	786,600	1,057,850	464,333	300,600	764,933

Additionally, to mitigate the volatility of the natural gas markets, we enter into fixed price financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas. One decatherm ("DTH") is equivalent to one million British Thermal Units ("BTU").

Natural Gas Fixed Price Financial Purchase Contracts as of:

	December 31,	
	2005	2004
	(Thousands of DTH)	
2005	—	2,880
2006	1,680	480
2007	780	480
2008	480	480
Total	2,940	4,320

On a hypothetical basis, a $100 per metric ton increase in the market price of primary aluminum is estimated to have an unfavorable impact of $17.4 million after tax on accumulated other comprehensive income for the contracts designated as cash flow hedges, and $50.3 million on net income for the contracts designated as derivatives, for the period ended December 31, 2005 as a result of the forward primary aluminum financial sales contracts outstanding at December 31, 2005.

On a hypothetical basis, a $1.00 per DTH decrease in the market price of natural gas is estimated to have an unfavorable impact of $1.9 million after tax on accumulated other comprehensive income for the period ended December 31, 2005 as a result of the forward natural gas financial purchase contracts outstanding at December 31, 2005.

Our metals and natural gas risk management activities are subject to the control and direction of senior management. These activities are regularly reported to Century's board of directors.

This quantification of our exposure to the commodity price of aluminum is necessarily limited, as it does not take into consideration our inventory or forward delivery contracts, or the offsetting impact on the sales price of primary aluminum products. Because all of our alumina contracts, except Hawesville alumina contract with Gramercy are indexed to the LME price for primary aluminum, they act as a natural hedge for approximately 10% of our production. As of December 31, 2005, approximately 49% (excluding 25,200 metric tons of potential additional volume under our derivative sales contracts) of our production for 2006 was either hedged by the alumina contracts, Nordural electrical power and tolling contracts, and/or by fixed price forward delivery and financial sales contracts.

Nordural. Presently, substantially all of Nordural's revenues are derived from a Toll Conversion Agreement with a subsidiary of BHP Billiton Ltd. whereby Nordural converts alumina provided to it by BHP Billiton into primary aluminum for a fee based on the LME price for primary aluminum. Because of this agreement, Nordural's revenues are subject to the risk of decreases in the market price of primary aluminum; however, Nordural is not exposed to increases in the price for alumina, the principal raw material used in the production of primary aluminum. In addition, under its power contract, Nordural purchases power at a rate which is a percentage of the LME price for primary aluminum, providing Nordural with a natural hedge against downswings in the market for primary aluminum.

Nordural is exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the euro and the Icelandic krona. Under its Toll Conversion and power contracts, Nordural's revenues and power costs are based on the LME price for primary aluminum, which is denominated in U.S. dollars. There is no currency risk associated with these contracts. However, Nordural's labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Nordural's operating margins.

Nordural does not currently have financial instruments to hedge commodity or currency risk. Nordural may hedge such risks in the future, including the purchase of aluminum put options to hedge Nordural's commodity risk.

Interest Rates

Interest Rate Risk. Century's primary debt obligations at December 31, 2005 were the $250.0 million of outstanding senior unsecured notes, $175.0 million of outstanding convertible notes, the Nordural debt, including $222.0 million of borrowings under Nordural's term loan facility, $8.1 million of borrowing under the revolving credit facility, and the $7.8 million in industrial revenue bonds. The senior unsecured notes and convertible notes bear a fixed rate of interest, so changes in interest rates do not subject Century to changes in future interest expense with respect to these borrowings. Borrowings under our revolving credit facility are at variable rates at a margin over LIBOR or the bank base rate, as defined in the revolving credit facility. The industrial revenue bonds bear interest at variable rates determined by reference to the interest rate of similar instruments in the industrial revenue bond market. At December 31, 2005, Nordural had approximately $231.0 million of long-term debt consisting primarily of obligations under the Nordural term loan facility. Borrowings under Nordural's term loan facility bear interest at a margin over the applicable Eurodollar rate. At December 31, 2005, Nordural had $224.1 million of liabilities which bear interest at a variable rate.

At December 31, 2005, Century had $240.0 million of variable rate borrowings. A hypothetical one percentage point increase in the interest rate would increase our annual interest expense by $2.4 million, assuming no debt reduction. We do not currently hedge our interest rate risk, but may do so in the future through interest rate swaps which would have the effect of fixing a portion of our floating rate debt.

Our primary financial instruments are cash and short-term investments, including cash in bank accounts and other highly rated liquid money market investments and government securities.

Item 8. ***Financial Statements and Supplementary Data***

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MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting for the company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, a system of internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. Our system of internal controls contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

As required by Section 404 of the Sarbanes-Oxley Act, management conducted an evaluation of the effectiveness of the system of internal controls over financial reporting for the year ended December 31, 2005. Management's evaluation was based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management concluded that our system of internal controls over financial reporting was effective as of December 31, 2005. Management's assessment of the effectiveness of our internal control over financial reporting has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in its report under the heading "Report of Independent Registered Public Accounting Firm."

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting, that Century Aluminum Company and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2005 of the Company and our report on those financial statements, dated March 14, 2006 expresses an unqualified opinion and includes an explanatory paragraph as to the change in method of accounting for inventory and the adoption of Statement of Financial Accounting Standards No. 143*, Accounting for Asset Retirement Obligations.*

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
March 14, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited the accompanying consolidated balance sheets of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Century Aluminum Company and subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

As discussed in Note 3 to the consolidated financial statements, in 2005 the Company changed its method of accounting for its last-in, first out ("LIFO") inventory and, retroactively, restated the 2004 and 2003 consolidated financial statements for the change. Also, as discussed in Note 15 to the consolidated financial statements, on January 1, 2003, the Company adopted Statement of Financial Standards No. 143, *Accounting for Asset Retirement Obligations.*

/s/ DELOITTE & TOUCHE LLP
Pittsburgh, Pennsylvania
March 14, 2006

CENTURY ALUMINUM COMPANY

CONSOLIDATED BALANCE SHEETS

	December 31, 2005	December 31, 2004 Restated
	(Dollars in thousands, except share data)	
ASSETS		
ASSETS:		
Cash and cash equivalents	$ 17,752	$ 44,168
Restricted cash	2,028	1,678
Accounts receivable — net	83,016	79,576
Due from affiliates	18,638	14,371
Inventories	111,436	111,284
Prepaid and other current assets	23,918	10,055
Deferred taxes — current portion	37,705	24,642
Total current assets	294,493	285,774
Property, plant and equipment — net	1,070,158	806,250
Intangible asset — net	74,643	86,809
Goodwill	94,844	95,610
Other assets	143,293	58,110
TOTAL	$1,677,431	$1,332,553
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 61,919	$ 47,479
Due to affiliates	158,682	84,815
Accrued and other current liabilities	53,715	53,309
Long term debt — current portion	581	10,582
Accrued employee benefits costs — current portion	9,333	8,458
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Total current liabilities	467,045	387,458
Senior unsecured notes payable	250,000	250,000
Nordural debt	230,436	80,711
Revolving credit facility	8,069	—
Accrued pension benefits costs — less current portion	10,350	10,685
Accrued postretirement benefits costs — less current portion	96,660	85,549
Due to affiliates — less current portion	337,416	30,416
Other liabilities	28,010	34,961
Deferred taxes	16,890	68,273
Total noncurrent liabilities	977,831	560,595
CONTINGENCIES AND COMMITMENTS (NOTE 13)		
SHAREHOLDERS' EQUITY:		
Preferred stock (one cent par value, 5,000,000 shares authorized, and no shares outstanding)	—	—
Common stock (one cent par value, 100,000,000 shares authorized; 32,188,165 and 32,038,297 shares issued and outstanding at December 31, 2005 and 2004, respectively)	322	320
Additional paid-in capital	419,009	415,453
Accumulated other comprehensive loss	(91,418)	(52,186)
Retained earnings (accumulated deficit)	(95,358)	20,913
Total shareholders' equity	232,555	384,500
TOTAL	$1,677,431	$1,332,553

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2005	2004 Restated	2003 Restated
	(In thousands, except per share amounts)		
NET SALES:			
Third-party customers	$ 961,335	$ 897,538	$660,593
Related parties	171,027	163,209	121,886
	1,132,362	1,060,747	782,479
Cost of goods sold	970,685	875,460	739,109
Gross profit	161,677	185,287	43,370
Selling, general and administrative expenses	34,773	24,916	20,833
Operating income	126,904	160,371	22,537
Interest expense — third party	(25,668)	(39,946)	(41,269)
Interest expense — related party	—	(380)	(2,579)
Interest income	1,367	1,086	339
Net gain (loss) on forward contracts	(309,698)	(21,521)	25,691
Loss on early extinguishment of debt	(835)	(47,448)	—
Other income (expense) — net	275	(1,305)	(688)
Income (loss) before income taxes, minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	(207,655)	50,857	4,031
Income tax benefit (expense)	80,697	(18,196)	(1,095)
Income (loss) before minority interest, equity in earnings of joint venture and cumulative effect of change in accounting principle	(126,958)	32,661	2,936
Minority interest	—	—	986
Equity in earnings of joint venture	10,703	821	—
Income (loss) before cumulative effect of change in accounting principle	(116,255)	33,482	3,922
Cumulative effect of change in accounting principle, net of tax benefit of $3,430	—	—	(5,878)
Net income (loss)	(116,255)	33,482	(1,956)
Preferred dividends	—	(769)	(2,000)
Net income (loss) applicable to common shareholders	$ (116,255)	$ 32,713	$ (3,956)
EARNINGS (LOSS) PER COMMON SHARE:			
Basic and Diluted:			
Income (loss) before cumulative effect of change in accounting principle	$ (3.62)	$ 1.14	$ 0.09
Cumulative effect of change in accounting principle	—	—	(0.28)
Net income (loss)	$ (3.62)	$ 1.14	$ (0.19)

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Comprehensive Income (Loss)	Convertible Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
				(Dollars in thousands)			
Balance, December 31, 2002 (Restated)		$ 25,000	$211	$172,133	$ 1,173	$ (7,291)	$ 191,226
Comprehensive income (loss) — 2003							
Net loss — 2003	$ (1,956)					(1,956)	(1,956)
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $2,171 in tax	(3,940)						
Net amount reclassified to income, net of $3,531 in tax	(6,262)						
Minimum pension liability adjustment, net of $(1,371) in tax	3,807						
Other comprehensive loss	(6,395)				(6,395)		(6,395)
Total comprehensive loss	$ (8,351)						
Dividends on common stock						(11)	(11)
Issuance of common stock — compensation plans		—		1,005			1,005
Balance, December 31, 2003 (Restated)		$ 25,000	$211	$173,138	$ (5,222)	$ (9,258)	$ 183,869
Comprehensive income (loss) — 2004						$	
Net income — 2004	$ 33,482					33,482	33,482
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $29,380 in tax	(51,554)						
Net amount reclassified to income, net of $(2,196) in tax	3,950						
Minimum pension liability adjustment, net of $(360) in tax	640						
Other comprehensive loss	(46,964)				(46,964)		(46,964)
Total comprehensive loss	$ (13,482)						
Dividends on common stock						(42)	(42)
Dividends on preferred stock						(3,269)	(3,269)
Preferred stock conversion		(25,000)	14	24,986			
Issuance of common stock — equity offering			90	208,121			208,211
Issuance of common stock — compensation plans			5	9,208		—	9,213
Balance, December 31, 2004 (Restated)		$ —	$320	$415,453	$(52,186)	$ 20,913	$ 384,500
Comprehensive income (loss) — 2005							
Net loss — 2005	$(116,255)					(116,255)	(116,255)
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $36,420 in tax	(64,710)						
Net amount reclassified to income, net of $(14,655) in tax	25,365						
Minimum pension liability adjustment, net of $63 in tax	(113)						
Other comprehensive loss	(39,232)				(39,232)		(39,232)
Total comprehensive loss	$(155,487)						
Dividends on common stock						(16)	(16)
Issuance of common stock — compensation plans			2	3,556			3,558
Balance, December 31, 2005		$ —	$322	$419,009	$(91,418)	$ (95,358)	$ 232,555

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2005	2004 Restated	2003 Restated
	(Dollars in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$(116,255)	$ 33,482	$ (1,956)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Unrealized net loss on forward contracts	306,756	2,405	6,325
Depreciation and amortization	56,533	50,254	51,264
Deferred income taxes	(59,834)	11,818	387
Pension and other post retirement benefits	12,381	8,040	10,986
Workers' compensation	(1,572)	820	1,426
(Gain) loss on disposal of assets	(32)	761	1,040
Non-cash loss on early extinguishment of debt	253	9,659	—
Minority interest	—	—	(986)
Cumulative effect of change in accounting principle	—	—	9,308
Change in operating assets and liabilities:			
Accounts receivable — net	(3,440)	(19,440)	(5,130)
Due from affiliates	(4,267)	(3,623)	(2,155)
Inventories	(152)	(16,023)	(5,616)
Prepaids and other assets	(10,092)	(3,590)	(261)
Accounts payable, trade	8,528	2,602	(2,928)
Due to affiliates	920	16,179	3,660
Accrued and other current liabilities	(32,664)	13,614	8,970
Other — net	(22,127)	(1,130)	13,045
Net cash provided by operating activities	134,936	105,828	87,379
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant, and equipment	(18,027)	(15,240)	(18,858)
Nordural expansion	(280,086)	(59,784)	—
Business acquisitions, net of cash acquired	(7,000)	(198,584)	(59,837)
Restricted cash deposits	(350)	(1,678)	—
Proceeds from sale of property, plant, and equipment	124	—	—
Net cash used in investing activities	(305,339)	(275,286)	(78,695)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	222,937	425,883	—
Repayment of long-term debt — third party	(83,279)	(425,881)	—
Repayment of long-term debt — related party	—	(14,000)	(26,000)
Net borrowing under revolving credit facility	8,069	—	—
Financing fees	(5,132)	(13,062)	(297)
Issuance of common stock	1,408	215,793	736
Dividends	(16)	(3,311)	(11)
Net cash provided by (used in) financing activities	143,987	185,422	(25,572)
INCREASE (DECREASE) IN CASH	(26,416)	15,964	(16,888)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	44,168	28,204	45,092
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 17,752	$ 44,168	$ 28,204

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands, except Per Share Amounts)

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation — Century Aluminum Company (“Century,” “we” or “us”) is a holding company, whose principal subsidiaries are Century Aluminum of West Virginia, Inc. (“Century of West Virginia”), Berkeley Aluminum, Inc. (“Berkeley”), Century Kentucky, Inc. (“Century Kentucky”) and Nordural ehf (“Nordural”). Century of West Virginia operates a primary aluminum reduction facility in Ravenswood, West Virginia (“Ravenswood”). Berkeley holds a 49.7% interest in a partnership which operates a primary aluminum reduction facility in Mt. Holly, South Carolina (“Mt. Holly”) and a 49.7% undivided interest in the property, plant, and equipment comprising Mt. Holly. The remaining interest in the partnership and the remaining undivided interest in Mt. Holly are owned by Alumax of South Carolina, Inc., a subsidiary of Alcoa (“ASC”). ASC manages and operates Mt. Holly pursuant to an Owners Agreement, prohibiting the disposal of the interest held by any of the owners without the consent of the other owners and providing for certain rights of first refusal. Pursuant to the Owners Agreement, each owner furnishes their own alumina, for conversion to aluminum, and is responsible for their pro rata share of the operating and conversion costs.

Prior to April 1996, we were an indirect, wholly-owned subsidiary of Glencore International AG (“Glencore” and, together with its subsidiaries, the “Glencore Group”). In April 1996, we completed an initial public offering of our common stock. At December 31, 2005, Glencore owned 29.0% of Century’s outstanding common stock. Century and Glencore enter into various transactions such as the purchase and sale of primary aluminum, alumina and forward primary aluminum financial sales contracts.

Our historical results of operations included in the accompanying consolidated financial statements may not be indicative of the results of operations to be expected in the future.

Principles of Consolidation — The consolidated financial statements include the accounts of Century Aluminum Company and our subsidiaries, after elimination of all significant intercompany transactions and accounts. Berkeley’s interest in the Mt. Holly partnership and our interest in the Gramercy and St. Ann Bauxite joint ventures, see Note 2, are accounted for under the equity method. Our equity in the earnings of St. Ann Bauxite is recorded net of Jamaican taxes. There are no material undistributed earnings in the Mt. Holly partnership or the Gramercy and St. Ann Bauxite joint ventures.

Revenue — Revenue is recognized when title and risk of loss pass to customers in accordance with contract terms. In some instances, we invoice our customers prior to physical shipment of goods. In such instances, revenue is recognized only when the customer has specifically requested such treatment and has made a fixed commitment to purchase the product. The goods must be complete, ready for shipment and physically separated from other inventory with risk of ownership passing to the customer. We must retain no performance obligations and a delivery schedule must be obtained. Sales returns and allowances are treated as a reduction of sales and are provided for based on historical experience and current estimates.

Cash and Cash Equivalents — Cash equivalents are comprised of cash and short-term investments having maturities of less than 90 days at the time of purchase. The carrying amount of cash equivalents approximates fair value.

Accounts Receivable — The accounts receivable are net of an allowance for uncollectible accounts of $1,000 and $1,020 at December 31, 2005 and 2004, respectively.

Inventories — The majority of our inventories, including alumina and aluminum inventories, are stated at the lower of cost (using the first-in, first-out (“FIFO”) method) or market. The remaining inventories (principally supplies) are valued at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment is stated at cost. Additions, renewals and improvements are capitalized. Asset and accumulated depreciation accounts are relieved for dispositions

with resulting gains or losses included in earnings. Maintenance and repairs are expensed as incurred. Depreciation of plant and equipment is provided for by the straight-line method over the following estimated useful lives:

Buildings and improvements	14 to 45 years
Machinery and equipment	5 to 22 years

We periodically evaluate the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a separately identifiable, long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Goodwill and Intangible Asset — We recognized $94,844 of goodwill in the Nordural acquisition, see Note 2. In the first quarter of 2005, goodwill decreased $766 from previously recorded amounts as the result of asset allocation adjustments. We will annually test our goodwill for impairment in the second quarter of the fiscal year and other times whenever events or circumstances indicate that the carrying amount of goodwill may exceed its fair value. If the carrying value of goodwill exceeds its fair value, an impairment loss will be recognized. The fair value is estimated using market comparable information.

The intangible asset consists of the power contract acquired in connection with our acquisition of the Hawesville facility (“Hawesville”). The contract value is being amortized over its term (10 years) using a method that results in annual amortization equal to the percentage of a given year’s expected gross annual benefit to the total as applied to the total recorded value of the power contract. As of December 31, 2005 and 2004, the gross carrying amount of the intangible asset was $155,986 and $153,592, respectively, with accumulated amortization of $81,343 and $66,783, respectively. In April 2005, we made a $7,000 post-closing payment to the Southwire Company (“Southwire”), a privately held wire and cable manufacturing company, related to the acquisition of Hawesville. This payment satisfied in full our obligation to pay contingent consideration to Southwire under the acquisition agreement. This post-closing payment obligation was allocated to the acquired fixed assets and intangible asset based on the allocation percentages used in the original acquisition. The gross carrying amount of the intangible asset increased $2,394 as a result of this liability.

For the years ended December 31, 2005, 2004 and 2003, amortization expense for the intangible asset totaled $14,561, $12,327, and $18,680, respectively. The estimated aggregate amortization expense for the intangible asset for the following five years is as follows:

	For the Year Ending December 31,				
	2006	2007	2008	2009	2010
Estimated Amortization Expense	$13,048	$13,991	$15,076	$16,149	$16,379

The intangible asset is reviewed for impairment in accordance with SFAS 142, “Goodwill and Other Intangible Assets,” whenever events or circumstances indicate that its net carrying amount may not be recoverable.

Other Assets — At December 31, 2005 and 2004, other assets consist primarily of Century’s investment in the Mt. Holly partnership, the investment in the Gramercy and St. Ann Bauxite joint venture, deferred financing costs, deferred tax assets, deferred pension assets, and intangible pension assets. Our equity share of the undistributed earnings (loss) increases (decreases) the investment in the joint venture. Deferred financing costs are amortized on a straight-line basis over the life of the related financing. In 2005 and 2004, we recorded an additional minimum liability related to employee pension plan obligations as required under SFAS No. 87.

We account for our 49.7% interest in the Mt. Holly partnership using the equity method of accounting. Additionally, our 49.7% undivided interest in certain property, plant and equipment of Mt. Holly is held outside of the partnership and the undivided interest in these assets of the facility is accounted for in accordance with the EITF Issue No. 00-01, "Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures." Accordingly, the undivided interest in these assets and the related depreciation are being accounted for on a proportionate gross basis.

Income Taxes — We account for income taxes using the liability method, whereby deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In evaluating our ability to realize deferred tax assets, we use judgment in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. Based on the weight of evidence, both negative and positive, if it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is established.

During the second quarter of 2005, we determined that certain Nordural earnings would remain invested outside the United States indefinitely.

Tax reserves have been established which we believe to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves.

Postemployment Benefits — We provide certain postemployment benefits to former and inactive employees and their dependents during the period following employment, but before retirement. These benefits include salary continuance, supplemental unemployment and disability healthcare. Postemployment benefits are accounted for in accordance with SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The statement requires recognition of the estimated future cost of providing postemployment benefits on an accrual basis over the active service life of the employee.

Forward Contracts and Financial Instruments — We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods. We also enter into fixed price financial sales contracts to be settled in cash to manage our exposure to changing primary aluminum prices. We have also entered into financial purchase contracts for natural gas to be settled in cash to manage our exposure to changing natural gas prices.

All aluminum-based financial and physical delivery contracts are marked-to-market using the LME spot and forward market for primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for management to estimate the U.S. Midwest premium. The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have a significant impact on gains and losses included in our financial statements from period to period.

Certain financial sales contracts for primary aluminum and all financial purchase contracts for natural gas have been designated as cash flow hedges in accordance with the provisions of SFAS No. 133 (as amended). We assess the effectiveness of these cash flow hedges quarterly. To the extent such cash flow hedges are effective, unrealized gains and losses on the financial sales contracts are deferred in the balance sheet as accumulated other comprehensive income until the hedged transaction occurs when the realized gain or loss is recognized as revenue or cost of goods sold, as applicable, in the Statement of Operations. Any ineffective

portion of the gain or loss is reported in earnings immediately. Mark-to-market gains and losses are recorded in net gain (loss) on forward contracts in the period delivery is no longer deemed probable.

The aluminum-based financial and physical delivery contracts that are not designated cash flow hedges or do not qualify for cash flow hedge treatment, as provided for in current accounting standards, are marked-to-market monthly. Fluctuations in the LME price of primary aluminum have a significant impact on gains and losses included in our financial statements from period to period. Unrealized gains and losses are included in net gain (loss) on forward contracts.

The effectiveness of our hedges is measured by a historical and probable future high correlation of changes in the fair value of the hedging instruments with changes in value of the hedged item. If high correlation ceases to exist, then gains or losses will be recorded in net gain (loss) on forward contracts. To date, high correlation has always been achieved. During 2005 and 2004, we did not recognize any gains or losses for ineffective portions of hedging instruments. As of December 31, 2005 and 2004, we had recorded in other comprehensive income deferred losses of $88,458 and $49,113, respectively, on our cash flow hedges, net of tax.

Financial Instruments — Our financial instruments (principally receivables, payables, debt related to industrial revenue bonds (the "IRBs") and forward financial contracts) are carried at amounts that approximate fair value. At December 31, 2005, our 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 had carrying amounts of $250,000 and $175,000, respectively. At December 31, 2005, the estimated fair value of the 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 were $249,375 and $177,734, respectively.

Concentration of Credit Risk — Financial instruments, which potentially expose Century to concentrations of credit risk, consist principally of cash investments and trade receivables. We place our cash investments with highly rated financial institutions. At times, such investments may be in excess of the FDIC insurance limit. Our limited customer base increases our concentrations of credit risk with respect to trade receivables. We routinely assess the financial strength of our customers.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation — We elected not to adopt the recognition provisions for employee stock-based compensation as permitted in SFAS No. 123, "Accounting for Stock-Based Compensation," but have adopted SFAS No. 123(R), "Share-Based Payment" effective January 1, 2006. As such, through December 31, 2005, we accounted for stock based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees." No compensation cost has been recognized for the stock option portions of the plan because the exercise prices of the stock options granted were equal to the market value of our stock on the date of grant. Had compensation cost for the Stock Incentive Plan, see Note 10, been determined using the fair value method provided under SFAS No. 123, our net income (loss) and earnings (loss) per share would have changed to the pro forma amounts indicated below:

		2005	2004 Restated	2003 Restated
Net income (loss) applicable to common shareholders	As Reported	$(116,255)	$32,713	$(3,956)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		2,840	1,767	1,441
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(3,570)	(2,148)	(2,106)
Pro forma net income (loss)		$(116,985)	$32,332	$(4,621)
Basic income (loss) per share	As Reported	$ (3.62)	$ 1.14	$ (0.19)
	Pro Forma	$ (3.64)	$ 1.13	$ (0.22)
Diluted income (loss) per share	As Reported	$ (3.62)	$ 1.14	$ (0.19)
	Pro Forma	$ (3.64)	$ 1.12	$ (0.22)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2005, 2004 and 2003:

	2005	2004	2003
Weighted average fair value per option granted during the year	$15.19	$4.12	$7.78
Dividends per quarter	$ 0.00	$0.00	$0.00
Risk-free interest rate	4.29%	3.54%	3.11%
Expected volatility	67%	70%	75%
Expected lives (in years)	5.5	5	5

Recently Adopted Accounting Standards — In March 2005, the Financial Accounting Standards Board (“FASB”) Interpretation No. (“FIN”) 47, “Accounting for Conditional Asset Retirement Obligations,” which clarifies certain guidance used in SFAS No. 143, “Accounting for Asset Retirement Obligations.” We adopted FIN 47 in December 2005 and recorded an adjustment to our asset retirement obligations.

When we initially adopted SFAS No. 143 in 2003, we recognized asset retirement obligations related to the disposal of spent pot liner used in the reduction cells of our facilities. In our initial calculation of the asset retirement obligations, we included our costs to remove the spent potliner as part of our asset retirement obligations. Under FIN 47, these removal costs should not have been included in our asset retirement obligations and should have been accounted for as maintenance costs. The adoption of FIN 47 did not have a material effect on our financial position, statement of operations, and liquidity.

In December 2004, the FASB issued SFAS No. 123(R), “Share Based Payment.” This Statement is a revision of FASB Statement No. 123, “Accounting for Stock-Based Compensation” and supersedes Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees.” This statement focuses primarily on accounting for transactions in which a company obtains services in share-based payment transactions. This Statement will require us to recognize the grant date fair value of an award of equity-based instruments to employees and the cost will be recognized over the period in which the employees are required to provide service. The Statement is effective for fiscal year 2006 and thereafter.

We have adopted SFAS No. 123(R) effective January 1, 2006. We have elected to use the Modified Prospective Application Method. Under this method, we will recognize the fair value of employee stock-based compensation awards as compensation cost beginning January 1, 2006. SFAS No. 123(R) will apply to new

awards granted subsequent to our adoption and for any portion of previous awards that had not vested as of January 1, 2006. The compensation cost recognized from the unvested awards will be based on the original grant-date fair value used to calculate our pro forma financial disclosure under SFAS No. 123. Over the next three years, we will recognize stock-based compensation expense before income tax benefit of approximately $3,288 ($1,760 in 2006, $1,217 in 2007, and $311 in 2008) related to the unvested stock option awards outstanding at December 31, 2005.

Recently Issued Accounting Standard — In November 2004, the FASB issued SFAS No. 151, “Inventory Costs.” This Statement amends the guidance in Accounting Research Bulletin No. 43, Chapter 4, “Inventory Pricing” to clarify the accounting treatment for certain inventory costs. In addition, the Statement requires that the allocation of production overheads be based on the facilities’ normal production capacity. The Statement is effective for fiscal year 2006 and thereafter. We are currently assessing the Statement and have not yet determined the impact of adopting SFAS No. 151 on our financial position and results of operations,

Foreign Currency — Our Nordural subsidiary located in Iceland uses the U.S. Dollar as its functional currency. Certain operating and construction expenses are denominated and payable in foreign currencies. For example, Nordural’s revenues are denominated in U.S. Dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise and result in transaction gains and losses which are reflected in the Consolidated Statement of Operations.

2. Acquisitions

The Gramercy Acquisition

On October 1, 2004, Century and Falconbridge Limited (successor by merger to Noranda Inc., “Falconbridge”) completed the joint purchase of the Gramercy, Louisiana alumina refinery (“Gramercy”) owned by Kaiser Aluminum and Chemical Corporation (“Kaiser”) and Kaiser’s 49% interest in a Jamaican bauxite mining partnership (“St. Ann Bauxite”). The purchase price was $23.0 million, subject to working capital adjustments. Century and Falconbridge each paid one-half of the purchase price. All of the bauxite mined by the partnership is used for the production of alumina at the Gramercy refinery and at a third party refinery in Texas. The Gramercy refinery chemically refines bauxite into alumina, the principal raw material in the production of primary aluminum. Hawesville purchases virtually all of its alumina requirements from Gramercy. We use the equity method of accounting for our investment in Gramercy and St. Ann Bauxite.

Nordural Acquisition

On April 27, 2004, we completed the acquisition of Nordural from Columbia Ventures Corporation. Nordural is an Icelandic company that owns and operates a primary aluminum reduction facility located in Grundartangi, Iceland. The results of operations of Nordural are included in our Statement of Operations beginning April 28, 2004.

We accounted for the acquisition as a purchase using the accounting standards established in SFAS No. 141, “Business Combinations.” We recognized $94,844 of goodwill in the transaction. None of the goodwill is expected to be deductible for Icelandic tax purposes; however, all of the goodwill is expected to be deductible for U.S. tax purposes.

The purchase price for Nordural was $195,346, allocated as follows:

Allocation of Purchase Price:

Current assets	$ 41,322
Property, plant and equipment	276,597
Goodwill	94,844
Current liabilities	(25,848)
Long-term debt	(177,898)
Other non-current liabilities	(13,671)
Total purchase price	$ 195,346

The following tables represent the unaudited pro forma results of operations for the years ended December 31, 2004 and 2003 assuming the acquisition occurred on January 1, 2003. The unaudited pro forma amounts may not be indicative of the results that actually would have occurred if the transaction described above had been completed and in effect for the periods indicated.

	Year Ended December 31, 2004	2003
	(Unaudited)	
Net sales	$1,099,122	$883,418
Income before cumulative effect of change in accounting principle	40,298	18,040
Net income	40,298	12,162
Net income available to common shareholders	39,529	10,162
Earnings per share:		
Basic	$ 1.25	$ 0.34
Diluted	$ 1.25	$ 0.34

The Acquisition of Glencore interest in Hawesville

On April 1, 2003, we completed the acquisition of the remaining 20% interest in Hawesville. The operating results of the 20% interest in Hawesville have been included in our consolidated financial statements from the date of acquisition. Century paid a purchase price of $99,400 which it financed with approximately $59,400 of available cash and $40,000 from a note payable to Glencore. We made the final payment on the note in April 2004. In connection with the acquisition, we assumed all of Glencore's obligations related to the 20% interest in Hawesville.

3. Change in Accounting Principle

During the second quarter of fiscal 2005, we changed our method of inventory costing from last-in-first-out (LIFO) to first-in-first-out (FIFO). We believe that using the FIFO method provides better matching of expenses and revenues and provides more consistent inventory costing on a company-wide basis. Prior to the change, approximately 69% of our inventory was valued based upon the LIFO method. Our net loss for the year ended December 31, 2005 would have increased $6,318 to $122,573 had we reported using the LIFO

method of inventory costing. The change has been applied retroactively and the financial statements have been restated for all prior periods presented. The effect of the change on net income for 2004 and 2003 is as follows:

	Year Ended December 31, 2004	2003
Net income (loss) applicable to common shareholders as reported	$27,202	$(1,034)
Change in inventory costing method, net of tax	5,511	(2,922)
Net income (loss) applicable to common shareholders as restated	$32,713	$(3,956)
Basic and Diluted earnings (loss) per share as reported	$ 0.95	$ (0.05)
Change in inventory costing method, net of tax	0.19	(0.14)
Basic and Diluted earnings (loss) per share as restated	$ 1.14	$ (0.19)

4. Inventories

Inventories, at December 31, consist of the following:

	2005	2004 Restated
Raw materials	$ 47,352	$ 48,631
Work-in-process	11,461	10,215
Finished goods	5,446	8,954
Operating and other supplies	47,177	43,484
	$111,436	$111,284

Inventories are stated at the lower of cost, using the first-in, first-out method, or market.

5. Property, Plant and Equipment

Property, plant and equipment, at December 31, consist of the following:

	2005	2004
Land and improvements	$ 13,652	$ 13,412
Buildings and improvements	122,356	116,695
Machinery and equipment	856,577	849,815
Construction in progress	358,674	68,718
	1,351,259	1,048,640
Less accumulated depreciation	(281,101)	(242,390)
	$1,070,158	$ 806,250

For the years ended December 31, 2005 and 2004, we recorded depreciation expense of $41,972 and $37,927, respectively.

At December 31, 2005 and 2004, the cost of property, plant and equipment includes $157,162 and $154,209, respectively, and accumulated depreciation includes $64,932 and $57,102, respectively, representing our undivided interest in the property, plant and equipment comprising Mt. Holly.

6. Debt

	December 31, 2005	December 31, 2004
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually(1)(2)(5)(7)	$175,000	$175,000
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Current portion of long-term debt(3)(7)	581	10,582
Long-term debt:		
7.5% senior unsecured notes payable due 2014, interest payable semiannually(5)(7)(9)	250,000	250,000
Nordural		
Senior term loan facility maturing in 2010, variable interest rate, principal and interest payments due semiannually through 2010(4)(6)(8)	222,000	—
Nordural		
Senior term loan facility maturing in 2018, variable interest rate, principal and interest payments due semiannually through 2018	—	68,494
Nordural		
Various loans, with interest rates ranging from 2.70% to 6.75% due 2012 to 2020, less current portion	8,436	12,217
Borrowings under revolving credit facility(7)	8,069	—
Total Debt	$671,901	$524,108

(1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The convertible notes are classified as current because they are convertible at any time by the holder. The IRB interest rate at December 31, 2005 was 3.81%.

(2) The convertible notes are convertible at any time by the holder at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of convertible notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a convertible note, the holder of such convertible note shall receive cash equal to the principal amount of the convertible note and, at our election, either cash or Century common stock, or a combination thereof, for the convertible notes conversion value in excess of such principal amount, if any.

(3) In April 2005, we exercised our right to call the remaining $9,945 of 11.75% senior secured first mortgage notes due 2008 that remained outstanding at 105.875% of the principal balance, plus accrued and unpaid interest. The 11.75% senior secured first mortgage notes, less unamortized discounts on the notes of $67, were classified as a current liability at December 31, 2004 based on our intention to call the notes.

(4) All outstanding principal must be repaid at final maturity on February 28, 2010.

(5) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries.

(footnotes continued on following page)

(footnotes continued from previous page)

(6) Nordural's obligations under the term loan facility are secured by a pledge of all of Nordural's shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural's assets are pledged as security under the loan facility.

(7) The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

(8) Senior term loan interest rate at December 31, 2005 was 5.93%. Nordural's $365.0 million loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006. Nordural is required to make the following minimum repayments of principal on the facility: $15.5 million on February 28, 2007 and $14.0 million on each of August 31, 2007, February 29, 2008, August 31, 2008, February 28, 2009, August 31, 2009, and all remaining outstanding principal amount on February 28, 2010.

(9) On or after August 15, 2009, we may redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principle amount, plus accrued and unpaid interest, beginning on August 15, 2012.

In September 2005, we replaced our revolving credit facility that was due to expire in March 2006 with a new $100,000 senior secured revolving credit facility ("Credit Facility") with a syndicate of banks. The Credit Facility will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We had $8,069 outstanding borrowings under the Credit Facility as of December 31, 2005 with an interest rate of 7.00%. As of December 31, 2005, we had a borrowing availability of $91,931 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

Refinanced Secured First Mortgage Notes

In August 2004, we completed a tender offer and consent solicitation for our 11.75% senior secured first mortgage notes due 2008 (the "Notes"). The principal purpose of the tender offer and consent solicitation was to refinance Century's outstanding Notes with debt bearing a lower interest rate, thereby reducing our annual interest expense.

Following the tender offer, we had outstanding a principal amount of $9,945 of Notes. On April 15, 2005, we exercised our right to call the remaining Notes at 105.875% of the principal balance, plus accrued and unpaid interest.

We financed the tender offer and consent solicitation with a portion of the proceeds from the private placement of our 7.5% Senior Unsecured Notes due 2014 ("Senior Unsecured Notes") in the aggregate principal amount of $250,000 and 1.75% Senior Convertible Notes due 2024 ("Convertible Notes") in the aggregate principal amount of $175,000. We used the remaining proceeds from these offerings and available cash to repay a portion of the outstanding debt at Nordural and for general corporate purposes.

In 2005 and 2004, we recognized a loss on early extinguishment of debt of $835 and $47,448, respectively, related to the refinancing of the 11.75% senior secured first mortgage notes due 2008. The loss was composed of the following:

	2005	2004
Purchase price premium, less consent fee	$582	$30,516
Consent payments	—	6,301
Write-off of capitalized financing fees	190	7,373
Write-off of bond discount	63	2,286
Other tender costs	—	972
	$835	$47,448

Principal Payments on Long Term Debt

Principal payments on our long term debt in the next five years and thereafter are as follows:

	Total	2006	2007	2008	2009	2010	Thereafter
7.5% senior notes due August 2014	$250,000	$ —	$ —	$ —	$ —	$ —	$250,000
Nordural debt	230,436	—	30,105	28,631	28,658	137,186	5,856
Borrowing under revolving credit facility	8,069	—	—	—	—	8,069	—
Total	$488,505	$ —	$30,105	$28,631	$28,658	$145,255	$255,856

7. Accumulated Other Comprehensive Loss at December 31

	2005	2004
Components of Accumulated Other Comprehensive Loss:		
Unrealized loss on financial instruments, net of tax of $49,776 and $28,011	$(88,458)	$(49,113)
Minimum pension liability adjustment, net of tax of $1,665 and $1,728	(2,960)	(3,073)
	$(91,418)	$(52,186)

8. Pension and Other Postretirement Benefits

Pension Benefits

We maintain noncontributory defined benefit pension plans for all of our domestic hourly and salaried employees. For the domestic salaried employees, plan benefits are based primarily on years of service and average compensation during the later years of employment. For hourly employees at Ravenswood, plan benefits are based primarily on a formula that provides a specific benefit for each year of service. Our funding policy is to contribute annually an amount based upon actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the minimum funding requirements of ERISA. Plan assets consist principally of U.S. equity securities, growth funds and fixed income accounts. In addition, we provide supplemental executive retirement benefits ("SERB") for certain executive officers. We use a measurement date of December 31st to determine the pension and OPEB benefit liabilities.

The hourly employees at Hawesville are part of a United Steelworkers of America ("USWA") sponsored multi-employer plan. Our contributions to the plan are determined at a fixed rate per hour worked. During the years ended December 31, 2005, 2004 and 2003, we contributed $1,531, $1,454 and $1,407, respectively, to the plan, and had no outstanding liability at year end.

As of December 31, 2005 and 2004, our accumulated pension benefit obligation exceeded the fair value of the pension plan assets at year end. At December 31, 2005 and 2004, we recorded a minimum pension liability, which related to Mt. Holly and the SERB plan, of $2,960 and $3,073, net of tax, respectively, which is included in other comprehensive income. In the future, the amount of the minimum pension liability will vary depending on changes in market conditions, performance of pension investments, and the level of company contributions to the pension plans. We evaluate and adjust the minimum pension liability on an annual basis.

Other Postretirement Benefits (OPEB)

In addition to providing pension benefits, we provide certain healthcare and life insurance benefits for substantially all domestic retired employees. We account for these plans in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires companies to accrue the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

The change in benefit obligations and change in plan assets as of December 31 are as follows:

	Pension		OPEB	
	2005	2004	2005	2004
Change in benefit obligation				
Benefit obligation at beginning of year	$ 80,293	$ 67,249	$ 147,936	$ 117,525
Service cost	4,015	3,369	5,032	4,082
Interest cost	4,676	4,261	8,878	7,336
Plan changes	1,893	114	—	(4,717)
Losses	3,612	8,379	21,828	28,467
Benefits paid	(3,281)	(3,079)	(5,224)	(4,757)
Benefit obligation at end of year	$ 91,208	$ 80,293	$ 178,450	$ 147,936
Change in plan assets				
Fair value of plan assets at beginning of year	$ 67,190	$ 53,095	$ —	$ —
Actual return (loss) on plan assets	3,492	7,321	—	—
Employer contributions	10,341	9,853	5,224	4,757
Benefits paid	(3,281)	(3,079)	(5,224)	(4,757)
Fair value of assets at end of year	$ 77,742	$ 67,190	$ —	$ —
Funded status of plans				
Funded status	$(13,466)	$(13,103)	$(178,450)	$(147,936)
Unrecognized actuarial loss	18,237	12,852	81,363	63,248
Unrecognized transition obligation	—	60	—	—
Unrecognized prior service cost	3,540	4,549	(4,544)	(5,422)
Net asset (liability) recognized	$ 8,311	$ 4,358	$(101,631)	$ (90,110)

	Pension		OPEB	
	2005	2004	2005	2004
Amounts Recognized in the Statement of Financial Position				
Prepaid benefit cost	$ 19,130	$ 15,043	$ —	$ —
Accrued benefit liability	(11,543)	(10,685)	(101,631)	(90,110)
Intangible asset	—	—	—	—
Accumulated other comprehensive loss	724	—	—	—
Net amount recognized	$ 8,311	$ 4,358	$(101,631)	$ (90,110)

Our pension plans projected benefit obligation, accumulated benefit obligation, and fair value of plan assets as of December 31 are as follows:

	Projected Benefit Obligation		Accumulated Benefit Obligation		Fair Value of Plan assets	
	2005	2004	2005	2004	2005	2004
Hourly pension plan	$46,227	$43,941	$45,768	$43,512	48,464	$44,606
Salaried pension plan	32,140	27,300	26,609	22,579	29,278	22,584
Supplemental executive benefits pension plan ("SERB")	12,841	9,052	11,544	9,052	—	—

There are no plan assets in the SERB due to the nature of the plan.

Net periodic benefit costs were comprised of the following elements:

	Year Ended December 31,					
	Pension			OPEB		
	2005	2004	2003	2005	2004	2003
Service cost	$4,015	$3,369	$3,339	$ 5,032	$ 4,082	$ 3,757
Interest cost	4,676	4,261	3,761	8,878	7,336	6,823
Expected return on plan assets	(5,899)	(4,750)	(3,454)	—	—	—
Net amortization and deferral	3,596	1,167	2,055	2,836	1,493	1,148
Net periodic cost	$6,388	$4,047	$5,701	$16,746	$12,911	$11,728

Weighted average assumptions were used to determine benefit obligations at December 31:

	Pension Benefits		OPEB	
	2005	2004	2005	2004
Discount rate	5.50%	5.75%	5.50%	5.75%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%

Weighted average assumptions were used to determine net periodic benefit cost for the years ended December 31:

	Pension			OPEB		
	2005	2004	2003	2005	2004	2003
Measurement date	12/31/2004	12/31/2003	12/31/2002	12/31/2004	12/31/2003	12/31/2002
Fiscal year end	12/31/2005	12/31/2004	12/31/2003	12/31/2005	12/31/2004	12/31/2003
Discount rate	5.75%	6.25%	6.50%	5.75%	6.25%	6.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return on plan assets	9.00%	9.00%	9.00%	—	—	—

In developing the long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our investments will generate long-term rates of return of 9.0%, based on target asset allocations discussed below.

Effect of Medicare Part D

Century's prescription drug programs are assumed to be actuarially equivalent and eligible for Medicare Part D subsidy as written into law on December 8, 2003. The approach used to measure this impact is based on our understanding of FASB Staff Position ("FSP") 106-2 published May 19, 2004. The impact was recognized during 2004 on a prospective basis. The effect of the Medicare Part D subsidy reduced the accumulated projected benefit obligation by $22,901, a decrease of approximately 12.8% for Century. In addition, FSP 106-2 requires that employers disclose the effect of the Medicare Part D subsidy on the components of net periodic benefit cost.

The following table shows the effect of the Medicare Part D Subsidy on the components of our 2005 net periodic postretirement benefit cost.

	Year Ended December 31, 2005	
	Included	Excluded
Service cost	$ 5,032	$ 5,650
Interest cost	8,878	9,999
Expected return on plan assets	—	—
Net amortization and deferral	2,836	3,968
Net periodic cost	$16,746	$19,617

For measurement purposes, medical cost inflation is initially 9%, declining to 5% over six years and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations. A one-percentage-point change in the assumed health care cost trend rates would have had the following effects in 2006:

	One Percent Increase	One Percent Decrease
Effect on total of service and interest cost components	$ 1,381	$ (1,275)
Effect on accumulated postretirement benefit obligation	$32,915	$(26,115)

We sponsor a tax-deferred savings plan under which eligible domestic employees may elect to contribute specified percentages of their compensation with Century providing matching contributions of 60% of the first 6% of a participant's annual compensation contributed to the savings plan. One half of our contribution is invested in the common stock of Century and the other half of our contribution is invested based on employee election. Our contributions to the savings plan were $560, $602 and $590 for the years ended December 31, 2005, 2004 and 2003, respectively. Shares of common stock of Century may be sold at any time. Employees are considered fully vested in the plan upon completion of two years of service. A year of service is defined as a plan year in which the employee works at least 1,000 hours.

Plan Assets

Our pension plans weighted average asset allocations at December 31, 2005 and 2004, by asset category are as follows:

	Pension Plan Assets At December 31, 2005	2004
Equity securities	65%	65%
Debt securities	35%	35%
	100%	100%

We seek a balanced return on plan assets through a diversified investment strategy. Our weighted average target allocation for plan assets is 65% equity securities and funds and 35% fixed income funds.

Our other postretirement benefit plans are unfunded. We fund these benefits as the retirees submit claims.

Pension and OPEB Cash Flows

Contributions

We expect to contribute approximately $1,200 to our pension plans and approximately $5,000 to our other postretirement benefit plans for the year ending December 31, 2006.

Estimated Future Benefit Payments

The following table provides the estimated future benefit payments for the pension and other postretirement benefit plans.

	Pension Benefits	OPEB Benefits
2006	$ 4,938	$ 4,969
2007	5,118	5,584
2008	5,348	6,177
2009	5,658	6,882
2010	5,741	7,572
Years 2011-2015	30,151	45,577

9. Shareholders' Equity

Preferred Stock — Under our Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 5,000,000 shares of preferred stock, with a par value of one cent per share, in one or more series. The authorized, but unissued preferred shares may be issued with such dividend rates, conversion privileges,

voting rights, redemption prices and liquidation preferences as the Board of Directors may determine, without action by shareholders. At December 31, 2005 and 2004, we had no outstanding Preferred Stock.

Common Stock — In 2005, our shareholders voted to approve an amendment of our Restated Certificate of Incorporation to increase the total number of shares of common stock that Century has the authority to issue from 50 million to 100 million.

10. Stock Based Compensation

1996 Stock Incentive Plan — We adopted the 1996 Stock Incentive Plan (the "Stock Incentive Plan") for the purpose of awarding performance share units and granting qualified incentive stock options and nonqualified stock options to our salaried officers and other key employees. The Stock Incentive Plan was amended in 2005 and its term was extended four years through February 28, 2015. Additionally, the number of shares available for issuance was increased 2,000,000 shares to a total of 5,000,000 shares and non-employee directors will be eligible for awards under the Stock Incentive Plan, as amended. Granted stock options vest one-third on the grant date and an additional one-third on each of the first and second anniversary dates, and have a term of 10 years. The performance share units represent the right to receive common stock, on a one-for-one basis on their vesting dates.

The Stock Incentive Plan provides for grants of performance share units upon the passage of time or the attainment of certain established performance goals. As of December 31, 2005, approximately 518,000 performance share units have been authorized and will vest upon the attainment of the performance goals.

We recognized $4,437, $2,761, and $2,254 of expense related to the Stock Incentive Plan in 2005, 2004 and 2003, respectively. Service based performance share units do not affect the issued and outstanding shares of common stock until conversion at the end of the vesting periods. However, the service based performance share units are considered common stock equivalents and therefore are included, using the treasury stock method, in average common shares outstanding for diluted earnings per share computations. Goal based performance share units are not considered common stock equivalents until it becomes probable that performance goals will be obtained.

Non-Employee Directors Stock Option Plan — We adopted a non-employee directors' stock option plan for the purpose of granting non-qualified stock options to non-employee directors. The number of shares available under this plan is 200,000, of which options for 179,000 shares have been awarded. The initial options vest one-third on the grant date and an additional one-third on each of the first and second anniversary dates. Subsequent options vest one-fourth each calendar quarter. Each option granted under this plan will be exercisable for a period of 10 years from the date of grant.

A summary of the status of our Stock Incentive Plan and the Non-Employee Directors Stock Option Plan as of December 31, 2005, 2004 and 2003 and changes during the year ended on those dates is presented below:

	2005		2004		2003	
Options	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	321,430	$16.15	677,020	$12.94	691,200	$12.58
Granted	221,850	24.79	90,750	23.54	161,750	14.06
Exercised	(86,952)	13.07	(445,840)	12.73	(60,630)	12.48
Forfeited	(2,667)	22.14	(500)	7.98	(115,300)	12.70
Outstanding at end of year	453,661	$20.93	321,430	$16.15	677,020	$12.94

The following table summarizes information about stock options outstanding at December 31, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/05	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Number Exercisable at 12/31/05	Weighted Avg. Exercise Price
$23.18 to $30.05	307,269	9.5 years	$24.45	108,063	$24.41
$12.86 to $19.01	98,890	4.4 years	$15.83	98,890	$15.83
$ 7.03 to $11.59	47,502	5.7 years	$ 8.81	47,502	$ 8.81
	453,661			254,455	

11. Earnings (Loss) Per Share

Basic earnings per common share ("EPS") amounts are computed by dividing earnings after the deduction of preferred stock dividends by the average number of common shares outstanding. In accordance with current accounting guidance, for the purpose of calculating EPS, the cumulative preferred stock dividends accumulated for the period were deducted from net income, as if declared. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive common shares outstanding. The following table provides a reconciliation of the computation of the basic and diluted earnings (loss) per share for income (loss) before cumulative effect of change in accounting principle (shares in thousands):

	For the fiscal Year Ended December 31,								
	2005			2004 Restated			2003 Restated		
	Income	Shares	Per-Share	Income	Shares	Per-Share	Income	Shares	Per-Share
Income (loss) before cumulative effect of change in accounting principle	$(116,255)			$33,482			$3,922		
Less: Preferred stock dividends	—			(769)			(2,000)		
Basic EPS:									
Income (loss) applicable to common shareholders	(116,255)	32,136	$(3.62)	32,713	28,668	$1.14	1,922	21,073	$0.09
Effect of Dilutive Securities:									
Plus:									
Incremental Shares from assumed conversion	—	—							
Options	—	—		—	107		—	26	
Diluted EPS:									
Income (loss) applicable to common shareholders with assumed conversion	$(116,255)	32,136	$(3.62)	$32,713	28,775	$1.14	$1,922	21,099	$0.09

For the period ended December 31, 2005, 453,661 options to purchase common stock and 59,000 performance share grants were outstanding, but were excluded from the calculation of diluted earnings per share because of the antidilutive effect. For the periods ended December 31, 2004 and 2003, 2,500 and 59,750 options to purchase common stock, respectively, were excluded from the calculation of diluted earnings per share because of the antidilutive effect. In 2003, convertible preferred stock, convertible at the holder's option into 1,395,089 shares of our common stock, was excluded in the computation of dilutive EPS because of their antidilutive effect.

In 2005 and 2004, we assumed no conversion of our outstanding 1.75% convertible senior notes in calculating dilutive EPS because the conversion price had not been met.

12. Income Taxes

Significant components of the income tax expense, before minority interest, equity in earnings in joint venture, and cumulative effect of a change in accounting principle consist of the following:

	Year Ended December 31,		
	2005	2004	2003
Current:			
U.S. federal current benefit (expense)	$ 18,136	$ (6,378)	$ —
State current benefit (expense)	2,727	—	(708)
Total current	20,863	(6,378)	(708)
Deferred:			
U.S. federal deferred benefit (expense)	61,325	(8,748)	(310)
Foreign deferred expense	(10,348)	(2,084)	—
State deferred benefit (expense)	8,857	(986)	(77)
Total deferred tax benefit (expense)	59,834	(11,818)	(387)
Total income tax benefit (expense)	$ 80,697	$(18,196)	$(1,095)

A reconciliation of the statutory U.S. Federal income tax rate to the effective income tax rate on income (loss) before cumulative effect of a change in accounting principle is as follows:

	2005	2004	2003
Federal statutory rate	35%	35%	35%
Effect of:			
Permanent differences	—	—	(19)
State taxes, net of Federal benefit	4	1	11
Foreign earnings not taxed	(7)	—	—
Foreign taxes	5	—	—
Equity earnings in joint ventures	2	—	—
	39%	36%	27%

Permanent differences primarily relate to our settlement of prior year tax examinations, meal and entertainment disallowance, certain state income tax credits and other nondeductible expenses.

Significant components of our deferred tax assets and liabilities as of December 31 are as follows:

	2005	2004
Deferred tax assets:		
Accrued postretirement benefit cost	$ 32,393	$ 17,721
Accrued liabilities	9,359	9,930
NOL carried forward	—	5,425
Pension	2,998	5,925
Derivative and hedging contracts	114,939	—
Foreign tax credit	16,459	11,359
Valuation allowance	(11,359)	(11,359)
Equity contra — other comprehensive loss	51,442	29,739
Other	1,304	—
Total deferred tax assets	217,535	68,740
Deferred tax liabilities:		
Tax over financial statement depreciation	(109,545)	(107,825)
Unrepatriated foreign earnings	(8,449)	(3,500)
Foreign basis differences	(10,566)	—
Other	(12,107)	(1,046)
Net deferred tax asset (liability)	$ 76,868	$ (43,631)

The net deferred tax asset of $76,868 at December 31, 2005, is net of a non-current deferred foreign income tax liability of $16,890 and includes $37,705 of current deferred tax assets and $56,053 of non-current deferred tax assets.

We have not recorded deferred income taxes applicable to unrepatriated foreign earnings that are permanently reinvested outside the United States. If Nordural's earnings were not permanently reinvested, an additional deferred tax liability of $7,015 would have been reported at December 31, 2005.

13. Contingencies and Commitments

Environmental Contingencies

We believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, there can be no assurance that future requirements or conditions at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. ("Century of West Virginia") continues to perform remedial measures at Ravenswood pursuant to an order issued by the Environmental Protection Agency ("EPA") in 1994 (the "3008(h) Order"). Century of West Virginia also conducted a RCRA facility investigation ("RFI") under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. Century of West Virginia has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

Prior to our purchase of Hawesville, the EPA issued a final Record of Decision ("ROD") under the Comprehensive Environmental Response, Compensation and Liability Act. By agreement, Southwire is to perform all obligations under the ROD. Century Aluminum of Kentucky LLC ("Century Kentucky") has agreed to operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

Century is a party to an EPA Administrative Order on Consent (the "Order") pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation ("Lockheed"), which sold the facility to one of our affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to the terms of the Lockheed — Vialco Asset Purchase Agreement. Management does not believe Vialco's liability under the Order or its indemnity to Lockheed will require material payments. Through December 31, 2005, we have expended approximately $440 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, we expect the future potential payments under this indemnification to comply with the Order will be approximately $200, which may be offset in part by sales of recoverable hydrocarbons.

In May 2005, Century and Vialco were among the defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. Lockheed has tendered indemnity and defense of the case to Vialco pursuant to terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $532 and $596 at December 31, 2005 and December 31, 2004, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and our inability to predict the requirements of the future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance will not have a material adverse effect on our future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on our financial condition, results of operations, or liquidity.

Legal Contingencies

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental and safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity.

Power Commitments

Hawesville currently purchases substantially all of its power from Kenergy Corporation ("Kenergy"), a local retail electric cooperative, under a fixed price power supply contract that expires at the end of 2010. Kenergy acquires the power it provides to Hawesville mostly from a subsidiary of LG&E Energy Corporation

(“LG&E”), with delivery guaranteed by LG&E. We recently priced 131 megawatts (“MW”) of previously unpriced power for 2006. All of Hawesville’s power requirements are at fixed prices, except for 2.5% (or 12 MW) which will remain variably priced. However, Hawesville’s unpriced power requirements increase to 27% (130 MW) of its power requirements in calendar years 2007 through 2010. We are reviewing our options for our unpriced energy requirements.

We purchased all of the electricity requirements for Ravenswood from Ohio Power Company, a unit of American Electric Power Company, under a fixed price power supply agreement that ran through December 31, 2005. Under Ravenswood’s new power contract, Appalachian Power Company supplies power to Ravenswood. After December 31, 2007, Century Aluminum of West Virginia, Inc. may terminate the agreement by providing 12 months notice of termination. Power delivered under the new power supply agreement will be as set forth in currently published tariffs. Appalachian Power Company filed a rate case on September 26, 2005, seeking increases in its tariff rates. It has advised Century it expects those rates to become effective July 1, 2006. We intend to contest the rate increase.

Mt. Holly purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. Mt. Holly’s current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Nordural facility purchases power from Landsvirkjun, a power company jointly owned by the Republic of Iceland and two Icelandic municipal governments, under a long-term contract due to expire in 2019. The power delivered by Landsvirkjun is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources. For the expansion, Nordural has entered into a power contract with Hitaveita Suðurnesja hf. (“HS”) and Orkuveita Reykjavíkur (“OR”) to supply of the power required for the 130,000 metric tons of capacity. The price for power delivered by HS and OR is also LME-based. In addition, OR has conditionally agreed to supply the power required to further expand the plant’s production capacity to 260,000 metric tons per year by late 2008. Power under these agreements will be generated from geothermal resources and prices will be LME-based. Landsvirkjun has agreed on a best commercial efforts basis to provide backup power to Nordural should HS or OR be unable to meet the obligations of their contract to provide power for the Nordural expansion.

Labor Commitments

Approximately 82% of our U.S. based work force are represented by the United Steelworker’s of America (the “USWA”) and are working under agreements that expire as follows: March 31, 2006 (Hawesville) and May 31, 2006 (Ravenswood).

Approximately 89% of Nordural’s work force is represented by six labor unions under an agreement that expires on December 31, 2009.

Other Commitments and Contingencies

Our income tax returns are periodically examined by various tax authorities. We are currently under audit by the Internal Revenue Service (“IRS”) for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. We are reviewing the issues raised by the IRS and have filed an administrative appeal with the IRS, contesting the proposed tax deficiencies. We believe our tax position is well supported and based on current information, we do not believe that the outcome of the tax audit will have a material impact on our financial condition or results of operations.

At December 31, 2005 and December 31, 2004, we had outstanding capital commitments related to the Nordural expansion of $89,910 and $218,800, respectively. Our cost commitments for the Nordural expansion

may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the euro and the Icelandic krona.

14. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, we are exposed to fluctuating raw material and primary aluminum prices. We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods.

Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement(1)	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Based on U.S. Midwest market
Glencore Metal Agreement I(2) . . .	Glencore	50,000 metric tons per year (“mtpy”)	Through December 31, 2009	LME-based
Glencore Metal Agreement II(3) . .	Glencore	20,000 mtpy	Through December 31, 2013	Based on U.S. Midwest market
Southwire Metal Agreement(4)	Southwire	240 million pounds per year (high purity molten aluminum)	Through March 31, 2011	Based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Based on U.S. Midwest market

(1) Alcan has the right, upon 12 months notice, to reduce its purchase obligations by 50% under this contract.

(2) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as “normal” because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(3) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(4) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1) (2)	BHP Billiton	130,000 mtpy	Through December 31, 2013	LME-based
Glencore Tolling Agreement(3) (4)	Glencore	90,000 mtpy	Through July 2016	LME-based

(1) Substantially all of Nordural's existing sales consist of tolling revenues earned under a long-term Alumina Supply, Toll Conversion and Aluminum Metal Supply Agreement (the "Billiton Tolling Agreement") between Nordural and a subsidiary of BHP Billiton Ltd (together with its subsidiaries, "BHP Billiton"). Under the Billiton Tolling Agreement, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum.

(2) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tons to 130,000 metric tons of the per annum production capacity at Nordural effective upon the completion of the expansion.

(3) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of the expansion capacity at Nordural. The term of the agreement is expected to begin in July 2006.

(4) In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum AS ("Hydro") for the period 2007 to 2010.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreement, we had forward delivery contracts to sell 107,546 metric tons and 113,126 metric tons of primary aluminum at December 31, 2005 and December 31, 2004, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 4,643 metric tons and 6,033 metric tons of primary aluminum at December 31, 2005 and December 31, 2004, respectively, of which 186 metric tons were with Glencore at December 31, 2005 and none were with Glencore at December 31, 2004.

Financial Sales Agreements

To mitigate the volatility in our unpriced forward delivery contracts, we enter into fixed price financial sales contracts, which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges

depending on our designation of each contract at its inception. Glencore is the counterparty for all of the contracts summarized below:

Primary Aluminum Financial Sales Contracts as of:

	December 31, 2005			December 31, 2004		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
	(Metric Tons)					
2005	—	—	—	193,083	—	193,083
2006	142,750	51,000	193,750	142,750	25,200	167,950
2007	119,500	50,400	169,900	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	75,000	84,000
2009	—	105,000	105,000	—	75,000	75,000
2010	—	105,000	105,000	—	75,000	75,000
2010-2015	—	375,000	375,000	—	—	—
Total	271,250	786,600	1,057,850	464,333	300,600	764,933

Substantially all of the contracts accounted for as derivatives contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 760,800 metric tons. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at December 31, 2005 or December 31, 2004.

Additionally, to mitigate the volatility of the natural gas markets, we enter into financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Natural Gas Financial Purchase Contracts as of:

	December 31,	
	2005	2004
	(Thousands of DTH)	
2005	—	2,880
2006	1,680	480
2007	780	480
2008	480	480
Total	2,940	4,320

Based on the fair value of our financial sales contracts for primary aluminum and financial purchase contracts for natural gas that qualify as cash flow hedges as of December 31, 2005, an accumulated other comprehensive loss of $54,510 is expected to be reclassified as a reduction to earnings over the next 12 month period.

The forward financial sales and purchase contracts are subject to the risk of non-performance by the counterparties. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

15. Asset Retirement Obligations

With the adoption of SFAS No. 143 on January 1, 2003, we recorded an ARO asset of $6,848, net of accumulated amortization of $7,372, a deferred tax asset of $3,430 and an ARO liability of $14,220. The net amount initially recognized as a result of applying the Statement is reported as a cumulative effect of a change in accounting principle. We recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle.

Our asset retirement obligations consist primarily of costs associated with the disposal of spent pot liner used in the reduction cells of our facilities.

We adopted FASB Interpretation No. ("FIN") 47, "Accounting for Conditional Asset Retirement Obligations" in 2005, and recorded an adjustment to our asset retirement obligations, the effect of which was not material.

The reconciliation of the changes in the asset retirement obligations is presented below:

	For the Year Ended December 31,	
	2005	2004
Beginning balance, ARO liability	$17,232	$16,495
Additional ARO liability incurred	1,849	1,383
ARO liabilities settled	(3,330)	(3,379)
Accretion expense	1,370	2,733
FIN 47 adoption	(5,313)	—
Ending balance, ARO liability	$11,808	$17,232

16. Related Party Transactions

The significant related party transactions occurring during the years ended December 31, 2005, 2004, and 2003, are described below.

The Chairman of the Board of Directors of Century is a member of the Board of Directors of Glencore International AG. One of Century's Board members is the Chairman of the Board of Directors of Glencore International AG.

We enter into forward financial sales and hedging contracts with Glencore to help manage exposure to fluctuating primary aluminum prices. Management believes that all of our forward financial sales and hedge contracts with Glencore approximated market at the time of placing the contracts.

Century of West Virginia has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Berkeley has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased alumina in transactions with Gramercy at prices which management believes approximated market.

Mr. Stuart M. Schreiber, a director, is the managing director and owner of Integis, Inc., which we paid approximately $840 in fees for management and executive search services provided to us in 2005.

During 2003, all of Century's facilities participated in primary aluminum swap arrangements with Glencore at prices which management believes approximated market.

Summary

A summary of the aforementioned related party transactions for the years ended December 31, 2005, 2004 and 2003 is as follows:

	2005	2004	2003
Net sales to Glencore	$171,027	$163,209	$121,886
Purchases from Glencore	129,757	131,427	99,185
Management fees from Glencore	—	—	121
Gramercy alumina purchases	138,022	26,680	—

See Note 14 for a discussion of our fixed-price commitments, forward financial contracts, and contract settlements with related parties.

17. Supplemental Cash Flow Information

	Year Ended December 31,		
	2005	2004	2003
Cash paid for:			
Interest	$30,358	$37,587	$40,289
Income taxes	12,649	248	257
Cash received from:			
Interest	1,388	1,088	341
Income tax refunds	—	80	9,489
Non-cash investing activities:			
Accrued Nordural expansion costs	6,170	5,591	—

Non-Cash Activities

In the year ended December 31, 2005, we had a significant non-cash equity transaction. In the second quarter of 2005, we issued approximately 59,000 shares of common stock to satisfy a performance share liability of $1,965 to certain key employees. In the year ended December 31, 2004, we had two significant non-cash equity transactions. In April 2004, we issued approximately 67,000 shares of common stock to satisfy a performance share liability of $1,630 to certain key employees. Additionally, in May 2004, Glencore exercised its option to convert its shares of cumulative convertible preferred stock. We issued 1,395,089 shares of common stock in exchange for Glencore's $25,000 of preferred stock. During 2003, we incurred $40,000 of borrowings in the form of seller financing related to the acquisition of the 20% interest in Hawesville.

During the years ended December 31, 2005, 2004 and 2003, we capitalized interest cost incurred in the construction of equipment of $8,711, $668 and $685, respectively.

18. Business Segments

We operate in one reportable business segment, primary aluminum.

A reconciliation of our consolidated assets to the total of primary aluminum segment assets is provided below.

Segment Assets(1)	2005	2004	2003
Primary	$1,648,351	$1,307,168	$787,017
Corporate, Unallocated	29,080	25,385	17,225
Total Assets	$1,677,431	$1,332,553	$804,242

(1) Segment assets include accounts receivable, due from affiliates, inventory, intangible assets, and property, plant and equipment-net; the remaining assets are unallocated corporate assets, and deferred tax assets.

Geographic information

Included in the consolidated financial statements are the following amounts related to geographic locations:

	2005	2004	2003
Net Sales:			
United States	$992,442	$974,481	$779,229
Other	139,920	86,266	3,250
Long-lived assets:			
United States	$604,411	$615,618	$622,921
Other	722,474	431,161	—

Major Customer information

In 2005, we had four major customers whose sales revenue exceeded 10% of our net sales. In 2004 and 2003, we had three major customers whose sales revenue exceeded 10% of our net sales. The revenue and percentage of net sales for these customers are as follows:

	Year Ended December 31,					
	2005		2004		2003	
	$	%	$	%	$	%
Alcan	356,347	31.5	301,033	28.4	198,448	25.4
Southwire	294,468	26.0	258,320	24.4	199,067	25.4
Glencore	171,027	15.1	163,209	15.4	121,886	15.6
BHP Billiton	137,736	12.2	—	—	—	—

19. Quarterly Information (Unaudited)

The following information includes the results from Nordural since we acquired it in April 2004 and the equity in earnings of the GAL and SABL joint venture since we acquired our interest in October 2004.

Financial results by quarter for the years ended December 31, 2005 and 2004 (restated for change in accounting principle) are as follows:

	Net Sales	Gross Profit	Net Income (Loss)	Net Income (Loss) Per Share
2005:				
4th Quarter(2)	$292,874	$34,704	$(148,658)	$(4.62)
3rd Quarter(3)	270,836	30,058	(20,071)	(0.62)
2nd Quarter	283,256	45,348	40,744	1.27
1st Quarter	285,396	51,567	11,730	0.37
2004:				
4th Quarter	$290,603	$56,773	$ 24,643	$ 0.77
3rd Quarter(1)	274,317	43,482	(15,973)	(0.50)
2nd Quarter	263,733	46,679	19,219	0.63
1st Quarter	232,094	38,353	5,593	0.24

(1) The third quarter 2004 net income includes a charge of $30,367, net of tax, for a loss on the early extinguishment of debt.

(2) The fourth quarter of 2005 net income includes a charge of $164,620, net of tax, for loss on forward contracts.

(3) The third quarter of 2005 net income includes a charge of $34,228, net of tax, for loss on forward contracts.

20. Condensed Consolidating Financial Information

Our 7.5% senior notes due 2014 and 1.75% convertible senior notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries. These notes are not guaranteed by our foreign subsidiaries (the "Non-Guarantor Subsidiaries"). During the second quarter of 2005, Century Aluminum of Kentucky, LLC (the "LLC") became a guarantor subsidiary. In the periods presented prior to 2005, the LLC was classified with the Non-Guarantor Subsidiaries. We allocate corporate expenses or income to our subsidiaries. For the years ended December 31, 2005, 2004, and 2003 we allocated total corporate expenses of $2,211, $1,452 and $9,139 to our subsidiaries, respectively. Additionally, we charge interest on certain intercompany balances.

The following summarized condensed consolidating balance sheets as of December 31, 2005 and December 31, 2004, condensed consolidating statements of operations for the years ended December 31, 2005, December 31, 2004 and December 31, 2003 and the condensed consolidating statements of cash flows for the years ended December 31, 2005, December 31, 2004 and December 31, 2003 present separate results for Century, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had Century, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ 19,005	$ (1,253)	$ —	$ 17,752
Restricted cash	2,028	—	—	—	2,028
Accounts receivable — net	73,540	9,476	—	—	83,016
Due from affiliates	60,246	—	703,995	(745,603)	18,638
Inventories	96,347	15,372	—	(283)	111,436
Prepaid and other assets	7,693	8,627	7,598	—	23,918
Deferred taxes — current portion	46,339	—	—	(8,634)	37,705
Total current assets	286,193	52,480	710,340	(754,520)	294,493
Investment in subsidiaries	15,205	—	146,166	(161,371)	—
Property, plant and equipment — net	458,618	613,368	308	(2,136)	1,070,158
Intangible asset — net	74,643	—	—	—	74,643
Goodwill	—	94,844	—	—	94,844
Other assets	54,049	8,951	156,242	(75,949)	143,293
Total assets	$ 888,708	$769,643	$1,013,056	$(993,976)	$1,677,431
Liabilities and Shareholders' Equity:					
Accounts payable — trade	$ 36,670	$ 25,249	$ —	$ —	$ 61,919
Due to affiliates	138,615	52,208	15,485	(47,626)	158,682
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	19,994	3,357	31,514	(1,150)	53,715
Accrued and other current liabilities	—	581	—	—	581
Accrued employee benefits costs — current portion	8,139	—	1,194	—	9,333
Deferred tax liability — current	—	—	8,634	(8,634)	—
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	211,233	81,395	231,827	(57,410)	467,045
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	230,436	—	—	230,436
Revolving credit facility			8,069	—	8,069
Accrued pension benefit costs — less current portion	—	—	10,350	—	10,350
Accrued postretirement benefit costs — less current portion	95,731	—	929	—	96,660
Other liabilities/intercompany loan	397,778	327,073	—	(696,841)	28,010
Due to affiliates — less current portion	58,090	—	279,326	—	337,416
Deferred taxes	83,019	12,225	—	(78,354)	16,890
Total noncurrent liabilities	634,618	569,734	548,674	(775,195)	977,831
Shareholders' equity:					
Common stock	60	12	322	(72)	322
Additional paid-in capital	259,148	85,190	419,009	(344,338)	419,009
Accumulated other comprehensive income (loss)	(90,953)	—	(91,418)	90,953	(91,418)
Retained earnings (accumulated deficit)	(125,398)	33,312	(95,358)	92,086	(95,358)
Total shareholders' equity	42,857	118,514	232,555	(161,371)	232,555
Total liabilities and shareholders' equity	$ 888,708	$769,643	$1,013,056	$(993,976)	$1,677,431

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2004
(Restated)

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ 185	$ 1,759	$ 42,224	$ —	$ 44,168
Restricted cash	1,174	504	—	—	1,678
Accounts receivable — net	71,051	8,449	76	—	79,576
Due from affiliates	168,328	8,142	684,458	(846,557)	14,371
Inventories	72,264	39,020	—	—	111,284
Prepaid and other assets	1,514	4,299	4,242	—	10,055
Deferred taxes — current portion	24,349	293	—	—	24,642
Total current assets	338,865	62,466	731,000	(846,557)	285,774
Investment in subsidiaries	66,393	—	270,178	(336,571)	—
Property, plant and equipment — net	464,418	341,692	140	—	806,250
Intangible asset — net	—	86,809	—	—	86,809
Goodwill	—	95,610	—	—	95,610
Other assets	20,391	16,792	20,927	—	58,110
Total assets	$890,067	$603,369	$1,022,245	$(1,183,128)	$1,332,553
Liabilities and Shareholders' Equity:					
Accounts payable — trade	$ 12,000	$ 35,479	$ —	$ —	$ 47,479
Due to affiliates	83,819	1,911	162,150	(163,065)	84,815
Industrial revenue bonds	7,815	—	—	—	7,815
Accrued and other current liabilities	15,545	10,023	27,741	—	53,309
Long term debt — current portion	—	704	9,878	—	10,582
Accrued employee benefits costs — current portion	6,507	1,951	—	—	8,458
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	125,686	50,068	374,769	(163,065)	387,458
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	80,711	—	—	80,711
Accrued pension benefit costs — less current portion	—	—	10,685	—	10,685
Accrued postretirement benefit costs — less current portion	56,947	27,812	790	—	85,549
Other liabilities/intercompany loan	479,213	239,124	—	(683,376)	34,961
Due to affiliates — less current portion	30,416	—	—	—	30,416
Deferred taxes	47,509	19,379	1,501	(116)	68,273
Total noncurrent liabilities	614,085	367,026	262,976	(683,492)	560,595
Shareholders' Equity:					
Common stock	59	13	320	(72)	320
Additional paid-in capital	188,424	242,818	415,453	(431,242)	415,453
Accumulated other comprehensive income (loss)	(51,665)	(521)	(52,186)	52,186	(52,186)
Retained earnings (accumulated deficit)	13,478	(56,035)	20,913	42,557	20,913
Total shareholders' equity	150,296	186,275	384,500	(336,571)	384,500
Total liabilities and shareholders' equity	$890,067	$603,369	$1,022,245	$(1,183,128)	$1,332,553

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 824,072	$137,263	$ —	$ —	$ 961,335
Related parties	171,027	—	—	—	171,027
	995,099	137,263	—	—	1,132,362
Cost of goods sold	884,241	95,820	—	(9,376)	970,685
Gross profit (loss)	110,858	41,443	—	9,376	161,677
Selling, general and admin expenses	34,314	459	—	—	34,773
Operating income	76,544	40,984	—	9,376	126,904
Interest expense — third party	(24,832)	(836)	—	—	(25,668)
Interest expense — affiliates	24,451	(24,451)	—	—	—
Interest income	1,011	356	—	—	1,367
Net gain (loss) on forward contracts	(309,698)	—	—	—	(309,698)
Loss on early extinguishment of debt	(835)	—	—	—	(835)
Other income (expense) — net	(428)	703	—	—	275
Income (loss) before taxes and equity in earnings (loss) of subsidiaries	(233,787)	16,756	—	9,376	(207,655)
Income tax (expense) benefit	81,803	2,298	—	(3,404)	80,697
Net income (loss) before equity in earnings (loss) of subsidiaries	(151,984)	19,054	—	5,972	(126,958)
Equity earnings (loss) of subsidiaries and joint ventures	8,847	4,932	(116,255)	113,179	10,703
Net income (loss)	$(143,137)	$ 23,986	$(116,255)	$119,151	$ (116,255)

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004 (Restated)

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$811,705	$ 85,833	$ —	$ —	$ 897,538
Related parties	163,209	—	—	—	163,209
	974,914	85,833	—	—	1,060,747
Cost of goods sold	805,267	407,650	—	(337,457)	875,460
Reimbursement from owners	—	(337,738)	—	337,738	—
Gross profit (loss)	169,647	15,921	—	(281)	185,287
Selling, general and admin expenses	24,916	—	—	—	24,916
Operating income (loss)	144,731	15,921	—	(281)	160,371
Interest expense — third party	(36,281)	(3,665)	—	—	(39,946)
Interest expense — related party	(380)	(9,078)	—	9,078	(380)
Interest income	9,872	172	—	(8,958)	1,086
Net gain (loss) on forward contracts	(21,521)	—	—	—	(21,521)
Loss on early extinguishment of debt	(47,448)	—	—	—	(47,448)
Other income (expense) — net	(1,380)	43	—	32	(1,305)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries	47,593	3,393	—	(129)	50,857
Income tax (expense) benefit	(17,218)	(5,709)	—	4,731	(18,196)
Net income (loss) before equity in earnings (loss) of subsidiaries	30,375	(2,316)	—	4,602	32,661
Equity earnings (loss) of subsidiaries	(7,642)	821	33,482	(25,840)	821
Net income (loss)	$ 22,733	$ (1,495)	$33,482	$ (21,238)	$ 33,482

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2003 (Restated)

	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiary	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$660,593	$ —	$ —	$ —	$660,593
Related parties	121,886	—	—	—	121,886
	782,479	—	—	—	782,479
Cost of goods sold	720,484	334,020	—	(315,395)	739,109
Reimbursement from owners	—	(315,519)	—	315,519	—
Gross profit (loss)	61,995	(18,501)	—	(124)	43,370
Selling, general and admin expenses	20,833	—	—	—	20,833
Operating income (loss)	41,162	(18,501)	—	(124)	22,537
Interest expense — third party	(41,248)	(124)	—	103	(41,269)
Interest expense — related party	(2,579)	—	—	—	(2,579)
Interest income	339	—	—	—	339
Net gain on forward contracts	25,691	—	—	—	25,691
Other income (expense) — net	(653)	(56)	—	21	(688)
Income (loss) before taxes, minority interest and cumulative effect of a change in accounting principle	22,712	(18,681)	—	—	4,031
Income tax (expense) benefit	(7,818)	—	—	6,723	(1,095)
Net income (loss) before minority interest and cumulative effect of a change in accounting principle	14,894	(18,681)	—	6,723	2,936
Minority interest	—	—	—	986	986
Net income (loss) before cumulative effect of a change in accounting principle	14,894	(18,681)	—	7,709	3,922
Cumulative effect of a change in accounting principle	(5,878)	—	—	—	(5,878)
Equity earnings (loss) of subsidiaries	(10,972)	—	(1,956)	12,928	—
Net income (loss)	$ (1,956)	$ (18,681)	$(1,956)	$ 20,637	$ (1,956)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$103,122	$ 31,814	$ —	$ 134,936
Investing activities:				
Purchase of property, plant and equipment	(15,515)	(2,176)	(336)	(18,027)
Nordural expansion	—	(280,086)	—	(280,086)
Acquisitions	—	—	(7,000)	(7,000)
Proceeds from sale of property, plant and equipment	6	118		124
Restricted cash deposits	(350)	—	—	(350)
Net cash used in investing activities	(15,859)	(282,144)	(7,336)	(305,339)
Financing activities:				
Borrowings	—	222,937	—	222,937
Repayment of third party debt	—	(73,334)	(9,945)	(83,279)
Borrowings under revolving credit facility	—	—	8,069	8,069
Financing fees	—	(4,307)	(825)	(5,132)
Dividends	—	—	(16)	(16)
Intercompany transactions	(87,448)	122,280	(34,832)	—
Issuance of common stock	—	—	1,408	1,408
Net cash provided by (used in) financing activities	(87,448)	267,576	(36,141)	143,987
Net increase (decrease) in cash	(185)	17,246	(43,477)	(26,416)
Beginning cash and cash equivalents	185	1,759	42,224	44,168
Ending cash and cash equivalents	$ —	$ 19,005	$ (1,253)	$ 17,752

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004
(Restated)

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$14,071	$ 91,757	$ —	$ 105,828
Investing activities:				
Purchase of property, plant and equipment	(6,814)	(8,426)	—	(15,240)
Nordural expansion	—	(59,784)	—	(59,784)
Acquisitions	—	—	(198,584)	(198,584)
Restricted cash deposits	(1,174)	(504)	—	(1,678)
Net cash used in investing activities	(7,988)	(68,714)	(198,584)	(275,286)
Financing activities:				
Borrowings	—	883	425,000	425,883
Repayment of third party debt	—	(110,826)	(315,055)	(425,881)
Repayment of related party debt	—	—	(14,000)	(14,000)
Financing fees	—	—	(13,062)	(13,062)
Dividends	—	—	(3,311)	(3,311)
Intercompany transactions	(6,002)	88,659	(82,657)	—
Issuance of common stock	—	—	215,793	215,793
Net cash provided by (used in) financing activities	(6,002)	(21,284)	212,708	185,422
Net increase in cash and cash equivalents	81	1,759	14,124	15,964
Beginning cash and cash equivalents	104	—	28,100	28,204
Ending cash and cash equivalents	$ 185	$ 1,759	$ 42,224	$ 44,168

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2003
(Restated)

	Combined Guarantor Subsidiaries	Non-Guarantor Subsidiary	The Company	Consolidated
Net cash provided by operating activities	$ 72,825	$ 14,554	$ —	$ 87,379
Investing activities:				
Purchase of property, plant and equipment	(15,809)	(3,049)	—	(18,858)
Acquisitions	—	—	(59,837)	(59,837)
Net cash used in investing activities	(15,809)	(3,049)	(59,837)	(78,695)
Financing activities:				
Payments	—	—	(26,000)	(26,000)
Financing fees	—	—	(297)	(297)
Dividends	—	—	(11)	(11)
Intercompany transactions	(57,657)	(11,505)	69,162	—
Issuance of common stock	—	—	736	736
Net cash provided by (used in) financing activities	(57,657)	(11,505)	43,590	(25,572)
Net decrease in cash and cash equivalents	(641)	—	(16,247)	(16,888)
Beginning cash and cash equivalents	745	—	44,347	45,092
Ending cash and cash equivalents	$ 104	$ —	$ 28,100	$ 28,204

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

As of December 31, 2005, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were effective.

Internal Control over Financial Reporting

The Management's Annual Report on Internal Control over Financial Reporting is included herein at Item 8 prior to the Consolidated Financial Statement presentation.

The Attestation Report of the Registered Public Accounting Firm is included herein at Item 8 prior to the Consolidated Financial Statement presentation.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2005, we had changes in the following processes of internal control over financial reporting:

- Nordural ehf converted information systems to SAP from Concord.
- Century Aluminum of West Virginia converted information systems to SAP from Oracle.
- We changed our payroll processing service to SAP from ADP.

Apart from these items, there have not been any changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

Our Executive Officers

Executive officers are appointed by and serve at the discretion of the Board of Directors. Below is certain information concerning our executive officers as of March 10, 2006.

Name	Age	Position and Duration
Logan W. Kruger	55	President and Chief Executive Officer since December 2005.
Gerald J. Kitchen	65	Executive Vice President, General Counsel, Chief Administrative Officer and Secretary for more than five years.
David W. Beckley	61	Executive Vice President and Chief Financial Officer for more than five years.
Michael A. Bless	40	Executive Vice President and Chief Financial Officer of the Company since January 2006.
E. Jack Gates	64	Executive Vice President and Chief Operating Officer since October 2003; Vice President, Reduction Operations, of the Company since December 2000.
Daniel J. Krofcheck	52	Vice President and Treasurer of the Company for more than five years.
Giulio Casello	46	Vice President of Bauxite and Alumina Operations since December 2005.
Steve Schneider	50	Vice President and Corporate Controller since April 2002; Corporate Controller since April 2001.
Peter C. McGuire	58	Vice President and Associate General Counsel since April 2002; Associate General Counsel for more than five years.

In December 2005, Logan Kruger succeeded Craig Davis as our President and Chief Executive Officer upon the retirement of Mr. Davis. Prior to joining the Company, Mr. Kruger served as President, Asia/Pacific for Inco Limited, from September 2005 to November 2005; Executive Vice-President, Technical Services from September 2003 to September 2005; Chief Executive Officer of Anglo American Chile Ltd., from July 2002 through September 2003; and President and Chief Executive Officer, Hudson Bay Mining and Smelting Co., Limited, from September 1996 until June 2002. Craig Davis will continue to serve as Chairman of the Board.

In January 2006, Michael Bless succeeded David Beckley as our Executive Vice President and Chief Financial Officer upon the resignation of Mr. Beckley. Prior to joining the Company, Mr. Bless served as managing director of M. Safra & Co., Inc., from February 2005 to January 2006 and Executive Vice President and Chief Financial Officer of Maxtor Corporation from August 2004 to October 2004. From August 1997 through January 2004, Mr. Bless served in a number of senior executive positions with Rockwell Automation, Inc. (formerly known as Rockwell International Corporation), a leading industrial automation hardware, software and services company, including as Senior Vice President and Chief Financial Officer from June 2001 to January 2004.

Mr. Giulio Casello has served as Vice President of Bauxite and Alumina Operations since December 2005. Mr. Casello served as Vice President of Century Alumina, Inc. from September 2005 to December 2005. Prior to joining the Company, Mr. Casello served in a number of senior positions with Alcoa World Alumina Australia from 1986 to 2005, including as Director of Western Australian Operations from January

2003 to September 2005; General Manager of Alcoa World Chemicals from April 2001 to December 2002; and Kwinana Alumina Refinery Location Manager from April 1999 to April 2001.

Our Directors

Our Board of Directors currently consists of 10 members, divided into three classes: Class I, Class II and Class III. Directors in each class are elected to serve for three-year terms, with each class standing for election in successive years. Set forth below is certain information concerning our directors.

Class I Directors with Terms to Expire in 2006

Name and Age		Business Experience; Other Directorships	Director Since
Logan W. Kruger	55	President and Chief Executive Officer since December 2005.	2005
Willy R. Strothotte	61	Chairman of the Board of Glencore International AG since 1994 and Chief Executive Officer from 1993 to December 2001; Chairman of the Board of Xstrata AG (formerly Südelektra Holding AG) since 1990. Mr. Strothotte was designated to serve as a director by Glencore International AG.	1996
Jarl Berntzen	39	Managing Director — Mergers and Acquisitions, ThinkEquity Partners LLC since March 2006. Senior Vice President, Barrington Associates, LLC from April 2005 to February 2006; Founder of Berntzen Capital Management, LLC from March 2003 to April 2005; Managing Director of Providence Capital, Inc. from September 2002 to March 2003; Vice President, Mergers & Acquisitions of Goldman, Sachs & Co. from July 1998 to December 2001.	2006
Stuart M. Schreiber	52	Founder and Managing Director of Integis, Inc. since 1997; partner of Heidrick & Struggles from 1988 to 1997.	1999
Roman A. Bninski	59	Partner, law firm of Curtis, Mallet-Prevost, Colt & Mosle LLP, since 1984.	1996

Class II Directors with Terms to Expire in 2007

Name and Age		Business Experience; Other Directorships	Director Since
John C. Fontaine	74	Of Counsel, law firm of Hughes Hubbard & Reed LLP since January 2000 and partner from July 1997 to December 1999; President of Knight-Ridder, Inc. from July 1995 to July 1997; Chairman of the Samuel H. Kress Foundation; Trustee of the National Gallery of Art.	1996

Name and Age		Business Experience; Other Directorships	Director Since
John P. O'Brien	64	Managing Director of Inglewood Associates Inc. since 1990; Chairman of Allied Construction Products since March 1993; Director of Oglebay Norton Company since April 2003; Director of International Total Services, Inc. from August 1999 to January 2003; Director of American Italian Pasta Company from March 1997 to November 2002; Chairman and CEO of Jeffrey Mining Products L.P. from October 1995 to June 1999.	2000

Class III Directors with Terms to Expire in 2008

Name and Age		Business Experience; Other Directorships	Director Since
Craig A. Davis	65	Chairman of the Board since August 1995; Chief Executive Officer from August 1995 to December 2002 and from October 2003 to December 13, 2005; Director of Glencore International AG since December 1993 and Executive of Glencore from September 1990 to June 1996.	1995
Robert E. Fishman, PhD	54	Executive Vice President of Calpine Corporation since 2001; President of PB Power, Inc. from 1998 to 2001 and Senior Vice President from 1991 to 1998.	2002
Jack E. Thompson	56	Director of Stillwater Mining Co. since 2002; Director of Phelps Dodge Corp. since 2003; Director of Tidewater Inc. since 2005; Vice Chairman of Barrick Gold Corporation from December 2001 to April 2005; Chairman of the Board and Chief Executive Officer of Homestake Mining Company from 1998 to 2001, and Chairman, President and Chief Executive Officer from 1998 to 1999; serves on the advisory board of Resource Capital Funds III, LLP	2005

Two of our Class I directors, Mr. Roman Bninski and Mr. Stuart Schreiber, each notified the Board of Directors on March 8, 2006 that they will not stand for reelection when their current terms expire on the date of our 2006 annual meeting of stockholders. On March 8, 2006, the Board elected Jarl Berntzen to serve as a Class I director.

Independent Directors

For the year ended December 31, 2005, the Board of Directors determined that each of Roman A. Bninski, Robert E. Fishman, John C. Fontaine, Jack E. Thompson and John P. O'Brien is "independent" under the criteria established by NASDAQ. Mr. Jarl Berntzen, who was elected to the board on March 8, 2006, also is independent.

Board Committees and Meetings

The table below identifies the members of each committee of our Board of Directors during the year ended December 31, 2005 and the number of times each committee met in 2005. Effective December 9, 2005, Mr. Fishman and Mr. Thompson were appointed to the Governance and Nominating Committee and

Mr. O'Brien resigned from that committee. Effective March 8, 2006, Mr. Fontaine was replaced on the Audit Committee by Jarl Berntzen, who was elected to the board on March 8, 2006.

Name	Audit	Compensation	Governance & Nominating
Robert E. Fishman	X		
John C. Fontaine	X	X	X
John P. O'Brien	X	X	X
Jack E. Thompson	X	X	X
Total meetings in fiscal 2005	4	8	23

Audit Committee

The Audit Committee's responsibilities include:

- overseeing the financial reporting process for which management is responsible;
- approving the engagement of the independent auditors;
- monitoring the independence of the independent auditors and reviews;
- approving all audit and non-audit services and fees to the independent auditors;
- reviewing the scope and results of the audit with the independent auditors;
- reviewing the scope and results of internal audit procedures with our internal auditors;
- evaluating and discussing with the independent auditors and management the effectiveness of our system of internal accounting controls;
- approving transactions with Glencore International AG and its subsidiaries (collectively, "Glencore"); and
- making inquiries into other matters within the scope of its duties.

The Board of Directors has determined that Mr. O'Brien, Chairman of the Audit Committee, is an "audit committee financial expert," as defined in Item 401(h) of Regulation S-K under the Securities Act of 1933, as amended. Each member of this committee is an independent director and meets each of the other requirements for audit committee members under applicable NASDAQ listing standards.

Directors' Compensation

Directors that are also full-time salaried employees are not compensated for their service on the board or on any board committee. Non-employee directors receive an annual retainer of $25,000 for their services. In addition, each non-employee director received a fee of $2,000 during 2005 for each board or board committee meeting attended. Mr. O'Brien, as Chairman of the Audit Committee, receives an additional $5,000 annual retainer and an additional $1,000 per Audit Committee meeting attended. All directors are reimbursed for their travel and other expenses incurred in attending board and board committee meetings.

Each non-employee director receives a one-time grant of options to purchase 10,000 shares of our common stock. Mr. Bninski's grant became effective upon the closing of the Company's initial public offering at an exercise price equal to the initial public offering price, while grants to Messrs. Berntzen, Fishman, Fontaine, O'Brien, Schreiber, Strothotte and Thompson became effective upon their election as directors at an exercise price equal to the market price of our common stock at such times. One-third of the options vest on the grant date, and an additional one-third vest on each of the first and second anniversaries of the grant date. In addition, each non-employee director continuing in office after the annual meeting of stockholders each year receives an annual grant of options at an exercise price equal to the market price of such shares on the date of the grant. During 2005, non-employee directors each received options to purchase 3,000 shares.

Changes to Nominating Procedures

There were no material changes to the procedures by which our stockholders may recommend nominees to the board since the proxy statement for our 2005 annual meeting of stockholders.

Code of Ethics

We have adopted a code of ethics that applies to all employees. A copy of the code of ethics is available on our Internet website at www.centuryaluminum.com and a copy will be mailed to any person, without charge, upon written request addressed to:

Corporate Secretary
Century Aluminum Company
2511 Garden Road, Bldg. A, Suite 200
Monterey, California 93940

We intend to disclose any amendments to or waivers of our code of ethics on behalf of our Chief Executive Officer, Chief Financial Officer, Controller, and persons performing similar functions, on our website at the Internet website address set forth above.

Compensation Committee Interlocks and Insider Participation

During 2005, the members of the Compensation Committee were John C. Fontaine, Jack E. Thompson and John P. O'Brien. No member of this committee was at any time during 2005 or at any other time an officer or employee of Century or any of our subsidiaries.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons owning more than 10% of a registered class of our equity securities, to file with the Securities and Exchange Commission reports of ownership and changes in ownership of our equity securities. These same persons are also required to furnish us with copies of all such forms. Based solely on a review of the copies of the forms furnished to us and, in certain cases, written representations that no Form 5 filings were required, we believe that, with respect to the 2005 fiscal year, all required Section 16(a) filings were timely made, except that the Form 3 for Mr. Guilio Casello was not timely filed.

Item 11. *Executive Compensation*

Summary Compensation Table

The following table sets forth the compensation earned by each person who served as chief executive officer during 2005 and the four other most highly compensated executive officers (referred to collectively as the "Named Executive Officers") for services rendered to us in all capacities for each of the last three fiscal years.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards/Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)(1)	LTIP Payouts ($)(2)	All Other Compensation ($)(3)
Logan W. Kruger(4) .... *Chief Executive Officer and President*	2005	$ 62,500	$ 475,000	—	—	—
	2004	—	—	—	—	—
	2003	—	—	—	—	—
Craig A. Davis(4) ...... *Chairman and Chief Executive Officer*	2005	$876,562	$3,658,750	—	$1,360,578	$ 7,650
	2004	$809,167	$1,810,000	—	$1,233,515	$ 9,600
	2003	$558,333	$ 525,000	—	$1,092,036	$ 8,400
Gerald J. Kitchen .... *Executive Vice President, General Counsel, Chief Administrative Officer and Secretary*	2005	$298,167	$ 215,000	—	$ 562,983	$12,074
	2004	$281,292	$ 497,775	—	$ 339,591	$24,848
	2003	$269,333	$ 130,000	—	$ 292,917	$27,179
David W. Beckley(5) .... *Executive Vice President and Chief Financial Officer*	2005	$295,667	$ 337,500	—	$ 557,162	$11,365
	2004	$279,083	$ 431,200	—	$ 335,971	$13,065
	2003	$266,896	$ 129,000	—	$ 289,929	$10,845
E. Jack Gates(6) .... *Executive Vice President and Chief Operating Officer*	2005	$332,292	$ 225,000	—	$ 476,207	$11,681
	2004	$310,417	$ 511,250	—	$ 207,019	$14,249
	2003	$235,842	$ 125,000	—	$ 165,539	$13,114
Daniel J. Krofcheck ..... *Vice President and Treasurer*	2005	$206,375	$ 100,000	—	$ 302,655	$10,845
	2004	$195,292	$ 341,700	—	$ 173,164	$13,202
	2003	$187,135	$ 86,000	$5,795	$ 159,340	$14,456

(1) Represents reimbursement of interest on funds borrowed to pay estimated taxes due upon the vesting of performance share grants.

(2) On March 7, 2006, our compensation committee awarded performance share units to the Named Executive Officers based on our attainment of certain award targets for the three-year period from 2003 through 2005. LTIP Payouts for 2005 represent the value realized by the Named Executive Officers for performance share units that vested based on our achievement of award targets for the three-year period from 2003 through 2005. The value of the vested performance share units was calculated using a per share price of $36.27, the average of the high and low sales price of our common stock on the NASDAQ National Market on March 7, 2006, the date of vesting. See "Long-Term Incentive Plan Awards Table." LTIP Payouts for 2004 represent the value realized by the Named Executive Officers for performance share units that vested based on our achievement of award targets for the three-year period from 2002 through 2004. The value of the vested performance share units was calculated using a per share price of $33.37, the average of the high and low sales price of our common stock on the NASDAQ National Market on March 21, 2005, the date of vesting. Also includes accrued dividend equivalents paid to Messrs. Davis, Kitchen, Beckley, Gates and Krofcheck upon the vesting of the performance share units in the amounts of $5,744, $1,520, $1,503, $926 and $775, respectively. LTIP Payouts for 2003 represent the

(footnotes continued on following page)

(footnotes continued from previous page)

value realized by the Named Executive Officers for performance share units that vested based on our achievement of award targets for the three-year period from 2001 through 2003. The value of the vested performance share units was calculated using a per share price of $24.35, the average of the high and low sales price of our common stock on the NASDAQ National Market on April 13, 2004, the date of vesting. Also includes accrued dividend equivalents paid to Messrs. Davis, Kitchen, Beckley, Gates and Krofcheck upon the vesting of the performance share units in the amounts of $15,474, $4,151, $4,108, $2,346 and $2,258, respectively.

(3) All other compensation is comprised of matching contributions under our Defined Contribution Retirement Plan for each of the Named Executive Officers. In 2005, those contributions were $7,650, $7,967, $7,900, $7,560, and $7,430 for each of Messrs. Davis, Kitchen, Beckley, Gates and Mr. Krofcheck, respectively. All other compensation also includes Company-paid life insurance premiums in 2005 in the amounts of, $3,465, $2,445, $4,055 and $3,415 for Messrs. Kitchen, Beckley, Gates and Krofcheck, respectively

(4) Mr. Davis served as our Chief Executive Officer from August 1995 to December 2002 and from October 2003 through his retirement on December 13, 2005, when he was succeeded by Logan W. Kruger. Mr. Davis will continue to serve as Chairman of the Board, a position he has held since August 1995.

(5) Mr. Beckley retired as our Executive Vice President and Chief Financial Officer effective January 23, 2006.

(6) Mr. Gates was elected Executive Vice President effective April 1, 2003.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Value Table

The following table sets forth information regarding the shares acquired and value realized by the Named Executive Officers upon the exercise of options during 2005 and the aggregate number and value of options held by the Named Executive Officers at December 31, 2005.

Aggregated Option Exercises in Last Fiscal Year and FY-End Option Values

			Number of Shares Underlying Unexercised Options at December 31, 2005 (#)		Value of Unexercised Options at December 31, 2005 ($)(2)	
Name	Shares Acquired On Exercise (#)	Value Realized ($)(1)	Exercisable	Unexercisable	Exercisable	Unexercisable
Logan W. Kruger	—	—	—	100,000	—	$223,000
Craig A. Davis.......	23,000	$324,150	—	—	—	—
Gerald J. Kitchen	—	—	—	—	—	—
David W. Beckley	—	—	—	—	—	—
E. Jack Gates	10,000	$134,900	—	—	—	—
Daniel J. Krofcheck ..	—	—	10,000	—	$99,600	—

(1) The value realized represents the difference between the exercise price of the options and the last reported sale price of the Company's common stock on the NASDAQ National Market on the respective dates the options were exercised.

Value of unexercised options is calculated on the basis of the difference between the respective option exercise prices and $26.21, the last reported sale price for the Company's common stock on the NASDAQ National Market on December 30, 2005.

Long-Term Incentive Plan Awards Table

The following table sets forth information with respect to performance shares awarded to the Named Executive Officers during 2005 under the 1996 Plan.

Long-Term Incentive Plans — Awards in Last Fiscal Year

Name	Performance Shares (#)(1)	Performance or Other Period Until Maturation or Payout	Estimated Future Common Stock Payouts Under Non-Stock Price-Based Plans: Threshold (#)	Target (#)(2)	Maximum (#)(3)
Logan W. Kruger	—	2005-2007	-0-	—	—
Craig A. Davis	29,778	2005-2007	-0-	29,778	44,667
Gerald J. Kitchen	8,600	2005-2007	-0-	8,600	12,900
David W. Beckley	8,526	2005-2007	-0-	8,526	12,789
E. Jack Gates	9,588	2005-2007	-0-	9,588	14,382
Daniel J. Krofcheck	4,469	2005-2007	-0-	4,469	6,704

(1) Performance shares represent shares of our common stock that, upon vesting, are issued to the award recipient. Except as described herein, performance shares are forfeited if the award recipient is not employed full-time by us at the end of the award cycle period. Upon death, disability or retirement, the award recipient will receive a pro rata award based upon the number of weeks employed during the award cycle period. As a result, Messrs. Davis and Beckley will continue to participate in the 2004-2006 and 2005-2007 awards, while retired. To the extent dividends are paid on our common stock, dividend equivalents accrue on performance shares and are paid upon vesting.

(2) Target payouts represent the target number of shares that will vest if we achieve specified performance targets ("Award Targets") in their entirety for the period. Award Targets are based upon guidelines adopted under the 1996 Plan. Our Compensation Committee has retained full discretion to modify awards under the guidelines. If Award Targets are not achieved in their entirety, awards may be adjusted downward or eliminated in their entirety. In addition, regardless of performance against Award Targets, the committee's discretion includes the right to determine that, should circumstances warrant, no award would be payable.

(3) Maximum payouts represent the maximum number of shares that the Compensation Committee is authorized to award if we exceed all of its Award Targets. In cases where the target is exceeded, the number of shares vested in excess of the target number of shares is calculated by converting the excess award into cash and reconverting the excess award into shares at the greater of (i) the share price at the time of the award, or (ii) the average share price for the month preceding the month in which the shares vest.

Pension Plan Table

We maintain a non-contributory defined benefit pension plan for our salaried employees who meet certain eligibility requirements. The following table shows estimated annual benefits payable upon retirement in specified compensation and years of service classifications. The figures shown include supplemental benefits

payable to the Named Executive Officers, exclusive of benefits payable under the enhanced supplemental retirement plan described below.

Remuneration	Years of Credited Service: 5	10	15	20	25	30	35	40
$100,000	$ 7,500	$ 15,000	$ 22,500	$ 30,000	$ 37,500	$ 45,000	$ 52,500	$ 60,000
$200,000	$ 15,000	$ 30,000	$ 45,000	$ 60,000	$ 75,000	$ 90,000	$ 105,000	$ 120,000
$300,000	$ 22,500	$ 45,000	$ 67,500	$ 90,000	$ 112,500	$ 135,000	$ 157,500	$ 180,000
$400,000	$ 30,000	$ 60,000	$ 90,000	$120,000	$ 150,000	$ 180,000	$ 210,000	$ 240,000
$500,000	$ 37,500	$ 75,000	$112,500	$150,000	$ 187,500	$ 225,000	$ 262,500	$ 300,000
$600,000	$ 45,000	$ 90,000	$135,000	$180,000	$ 225,000	$ 270,000	$ 315,000	$ 360,000
$700,000	$ 52,500	$105,000	$157,500	$210,000	$ 262,500	$ 315,000	$ 367,500	$ 420,000
$800,000	$ 60,000	$120,000	$180,000	$240,000	$ 300,000	$ 360,000	$ 420,000	$ 480,000
$900,000	$ 67,500	$135,000	$202,500	$270,000	$ 337,500	$ 405,000	$ 472,500	$ 540,000
$1,000,000	$ 75,000	$150,000	$225,000	$300,000	$ 375,000	$ 450,000	$ 525,000	$ 600,000
$1,100,000	$ 82,500	$165,000	$247,500	$330,000	$ 412,500	$ 495,000	$ 577,500	$ 660,000
$1,200,000	$ 90,000	$180,000	$270,000	$360,000	$ 450,000	$ 540,000	$ 630,000	$ 720,000
$1,600,000	$120,000	$240,000	$360,000	$480,000	$ 600,000	$ 720,000	$ 840,000	$ 960,000
$2,000,000	$150,000	$300,000	$450,000	$600,000	$ 750,000	$ 900,000	$1,050,000	$1,200,000
$2,400,000	$180,000	$360,000	$540,000	$720,000	$ 900,000	$1,080,000	$1,260,000	$1,440,000
$2,800,000	$210,000	$420,000	$630,000	$840,000	$1,050,000	$1,260,000	$1,470,000	$1,680,000
$3,200,000	$240,000	$480,000	$720,000	$960,000	$1,200,000	$1,440,000	$1,680,000	$1,920,000

The plan provides lifetime monthly benefits starting at age 62 equal to the greater of: (i) 1.5% of final average monthly compensation multiplied by years of credited service (up to 40 years), or (ii) $22.25, multiplied by years of credited service (up to 40 years), less the total monthly vested benefit payable as a life annuity at age 62 under plans of a predecessor employer, with a minimum benefit of $225 per month. Certain highly compensated participants' lifetime monthly benefits are a higher dollar amount that is set forth in the Plan. Final average monthly compensation means the highest monthly average for 36 consecutive months in the 120-month period ending on the last day of the calendar month completed at or prior to a termination of service. Participants' pension rights vest after a five-year period of service. An early retirement benefit (actuarially reduced beginning at age 55) and a disability benefit are also available.

The compensation covered by the plan includes all compensation, subject to certain exclusions, before any reduction for 401(k) contributions, subject to the maximum limits under the Internal Revenue Code of 1986, as amended (the "Code"). The years of credited service for Messrs. Kruger, Davis, Kitchen, Beckley, Gates and Krofcheck at December 31, 2005, were approximately 0, 13, 10, 10, 5 and 8, respectively.

Supplemental Retirement Income Benefit Plan

We adopted a Supplemental Retirement Income Benefit Plan (the "SRP"), in 2001. The SRP provides selected senior executives with supplemental benefits in addition to those benefits they are entitled to receive under our qualified retirement plans. Those benefits include an unfunded supplemental amount equal to the amount that would normally be paid under our qualified retirement plans if there were no limitations under Sections 415 and 401(a)(17) of the Code. In addition, final average monthly compensation for purposes of calculating the supplemental benefit will be based on the greater of (i) projected final annual compensation, assuming specified annual increases until retirement age, or (ii) the average of the highest three years' annual compensation over the last 10 years of employment. Messrs. Kruger, Bless, Davis, Gates, Kitchen and Beckley are eligible participate in these benefits. Mr. Davis retired on December 31, 2005.

The SRP also permits selected senior executives to achieve estimated levels of retirement income when, due to the executive's age and potential years of service at normal retirement age, benefits under our existing qualified and nonqualified defined benefit pension plans are projected to be less than a specified percentage of the executive's estimated final average annual compensation (the "Enhanced SRP"). Subject to certain vesting requirements, Messrs. Kruger, Davis, Kitchen and Beckley were selected to participate in the Enhanced SRP at 50% of their final average compensation. We believe this level of retirement benefits is commensurate with retirement benefits paid to senior executives of comparable companies. Each of Messrs. Davis, Kitchen and Beckley are fully vested in their Enhanced SRP benefit. The estimated annual retirement benefits under our qualified and nonqualified defined benefit pension plans payable Messrs Davis, Kitchen and Beckley are $930,000, $293,000, and, $258,000, respectively. Mr. Davis retired December 31, 2005. Mr. Kruger's right to participate in the Enhanced SRP benefit begins on the fifth anniversary of his employment and vests 20 percent per year thereafter. If Mr. Kruger remains employed by the Company for a period of 10 years he will be fully vested in his Enhanced SRP benefit. We have invested funds to meet a portion of our Enhanced SRP obligations through the purchase of key-man life insurance policies on the lives of the vested participating executives that are held in a rabbi trust to fund part of our payment obligations.

Employment Agreements

We have an employment agreement with Logan W. Kruger effective December 13, 2005, the date Mr. Kruger succeeded Craig A. Davis as our President and Chief Executive Officer. Under the terms of his employment agreement, Mr. Kruger will receive a base salary of $750,000 per year and will be eligible to receive an annual performance-based cash bonus under the Company's incentive compensation plan of up to 100% of his base salary, subject to the discretion of the Compensation Committee. Mr. Kruger's agreement provides that his annual cash bonus for 2006 will be no less than $325,000. In addition, he received a one-time cash signing bonus of $475,000, options to purchase 100,000 shares of our common stock and a one-time grant of 50,000 shares of restricted stock. Mr. Kruger is also eligible for bonuses in accordance with our annual incentive plan and stock option grants and performance share awards under the 1996 Plan.

Our employment agreement with Craig A. Davis set forth the terms of his employment through December 31, 2005. Mr. Davis retired as our Chief Executive Officer on December 13, 2005, but remained our employee for the remaining term of his employment agreement. On December 8, 2005, the Compensation Committee approved the payment of a retention bonus of $913,750 and a success bonus of $3 million to Mr. Davis, as provided for under the terms of his employment agreement. Mr. Davis received $1 million of his $3 million success bonus in 2004. The Committee also approved the compensation to be paid to Mr. Davis for his continued service as Chairman of the Board of Directors following his retirement. For the period from January 1, 2006 to June 30, 2006, Mr. Davis will receive $250,000 for his services. Thereafter, he will receive an annual retainer of $100,000 for his services. In addition, beginning July 1, 2006, as a non-employee director Mr. Davis will receive a fee of $2,000 for each Board or Board Committee meeting attended and will be reimbursed for his travel and other expenses incurred in attending Board and Board Committee meetings, together with the other compensation generally paid to our directors.

On December 8, 2005, our employment agreements with Gerald J. Kitchen and David W. Beckley were each amended to extend their employment through March 31, 2006, the date Messrs. Kitchen and Beckley will retire as full-time employees. From January 1, 2006 to March 31, 2006, Messrs. Kitchen and Beckley will receive additional monthly payments of $24,417 and $24,000, respectively, in addition to the base salaries provided for under their employment agreements. Under the terms of Mr. Beckley's employment agreement, he was paid a special bonus in January 2006 equal to 50% of his base pay at the time of his retirement. Mr. Beckley has agreed to be available to act as a consultant following his retirement. Mr. Kitchen has entered into a consulting agreement pursuant to which he has agreed to act as a consultant following his retirement. Under his consulting agreement, Mr. Kitchen will provide up to 900 hours of general consulting services during the 12 months following his retirement as reasonably requested by the Board or our Chief Executive Officer. The consulting agreement provides that Mr. Kitchen will be paid a monthly retainer equal to his monthly base pay at the time of his retirement. We amended our employment agreement with E. Jack Gates on December 8, 2005, to extend the term of his employment through December 31, 2006. Under the terms of Mr. Gates' agreement, his base salary is subject to increase from time to time at the discretion of the Board of Directors, although it may not be reduced below $342,500 per year. In addition, Mr. Gates is eligible for

bonuses in accordance with our annual incentive plan and stock option grants and performance share awards under the 1996 Plan.

Our employment agreements with Messrs. Kruger, Kitchen, Beckley and Gates each provide that upon termination of employment "without cause," the terminated executive will be entitled to receive termination payments equal to 100% of his base salary and bonus (based on the highest annual bonus payment within the prior three years) for the remainder of the term of the agreement (with a minimum of one year's salary plus bonus). Any termination payments under the employment agreements may not be duplicated under the severance compensation agreements described below.

Severance Compensation Arrangements

The Company is party to severance compensation agreements with each of Messrs. Logan W. Kruger, David W. Beckley, Gerald J. Kitchen, Michael A. Bless, Daniel J. Krofcheck and E. Jack Gates. The agreements provide that if we experience a change in control and within 36 months thereafter the executive's employment is terminated either: (i) by us for other than cause or disability, or (ii) by such executive for good reason, then such executive will receive a lump sum payment equal to three times or two times, as the case may be, the aggregate of the highest base salary and the highest bonus received by such executive in any of the most recent five years. Also, upon a change in control, the exercisability of stock options and the vesting of performance shares held by such executives will be accelerated.

The Code imposes certain excise taxes on, and limits the deductibility of, certain compensatory payments made by a corporation to or for the benefit of certain individuals if such payments are contingent upon certain changes in the ownership or effective control of the corporation or the ownership of a substantial portion of the assets of the corporation, provided that such payments to the individual have an aggregate present value in excess of three times the individual's annualized includible compensation for the base period, as defined in the Code. The severance compensation agreements provide for additional payments to the executives in order to fully offset any excise taxes payable by an executive as a result of the payments and benefits provided in the agreements.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Security Ownership of Certain Beneficial Owners and Management

As of March 10, 2006, we had 32,321,891 shares of common stock outstanding. The following table sets forth certain information concerning the beneficial ownership of our common stock as of March 10, 2005 (except as otherwise noted) by: (i) each person known by us to be the beneficial owner of five percent or more of the outstanding shares of common stock, (ii) each of our directors, (iii) each of our executive officers named in the Summary Compensation Table under the heading *"Executive Compensation"* below, and (iv) all of our directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Class
Glencore International AG	9,320,089(2)	28.8
Wellington Management Company, LLP	2,936,240(3)	9.1
Credit Suisse	1,797,986(4)	5.6
David W. Beckley	41,576	*
Jarl Berntzen	3,333(5)	*
Michael A. Bless	10,000(6)	*
Roman A. Bninski	18,000(7)	*
Craig A. Davis	147,467(8)	*
Robert E. Fishman	—	*
John C. Fontaine	11,750(9)	*
E. Jack Gates	19,596	*
Gerald J. Kitchen	28,944	*
Daniel J. Krofcheck	4,669	*
Logan W. Kruger	—	*
John P. O'Brien	14,500(10)	*
Stuart M. Schreiber	4,500(11)	*
Willy R. Strothotte	18,000(12)	*
Jack E. Thompson	10,166(13)	*
All directors and executive officers as a group (18 persons)	354,892(14)	1.1

* Less than one percent.

(1) Each individual or entity has sole voting and investment power, except as otherwise indicated.

(2) Based upon information set forth in a Schedule 13D filing dated May 25, 2004, Glencore International AG beneficially owns such shares through its subsidiary, Glencore AG. The principal business address of each of Glencore International AG and Glencore AG is Baarermattstrasse 3, P.O. Box 555, CH 6341, Baar, Switzerland.

(3) Based upon information set forth in a Schedule 13G filing dated February 14, 2006, Wellington Management Company, LLP beneficially owns such shares in its capacity as an investment advisor. The business address of Wellington Management Company, LLP is 75 State Street, Boston, Massachusetts 02109.

(4) Based upon information set forth in a Schedule 13G filed on February 14, 2005 by Credit Suisse on behalf of its Investment Banking division, such shares are beneficially owned through Credit Suisse subsidiaries to the extent they constitute the Investment Banking division. The principal business address of Credit Suisse in the United States is Eleven Madison Avenue, New York, New York 10010

(5) Includes 3,333 shares which are presently exercisable options.

(6) Includes 10,000 shares which are presently exercisable options.

(7) Includes 18,000 shares which are presently exercisable options.

(8) Excludes 9,320,089 shares beneficially owned by Glencore International AG, of which Mr. Davis is a director.

(9) Includes 11,500 shares which are subject to presently exercisable options. Also includes 250 shares that Mr. Fontaine owns jointly with his wife.

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(10) Includes 9,500 shares which are subject to presently exercisable options.

(11) Includes 4,500 shares which are subject to presently exercisable options.

(12) Includes 18,000 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG, of which Mr. Strothotte serves as Chairman.

(13) Includes 8,166 shares which are subject to presently exercisable options

(14) Includes 91,332 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG.

Securities Authorized for Issuance under Equity Compensation Plans

Equity Compensation Plan Information(1)
As of December 31, 2005

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans, Excluding Outstanding Options(2)
Equity compensation plans approved by security holders	453,661	$20.93	3,633,651
Total	453,661	$20.93	3,633,651

(1) All equity compensation plan information presented in this table relates to the following plans approved by the Company's shareholders:

1996 Plan

Non-Employee Directors Stock Option Plan

Effective August 10, 2005, the 1996 Plan replaced our Non-Employee Directors Stock Option Plan as the plan by which we award equity to our non-employee directors.

(2) Includes 517,655 unvested performance shares to be awarded pursuant to the 1996 Plan upon attainment of certain performance objectives. The performance shares vest and are issued in accordance with the guidelines accompanying the 1996 Plan, as implemented by our Board of Directors.

Item 13. ***Certain Relationships and Related Transactions***

Purchases from Glencore

In 2005, we purchased alumina and primary aluminum from Glencore International AG and its subsidiaries (collectively, "Glencore"). Such purchases, which management believes were made on an arms'-length basis at market prices, totaled $129.8 million in 2005. During 2005, we purchased from Glencore all of our alumina requirements for Ravenswood and our 49.67% interest in Mt. Holly under separate supply agreements. The supply agreements for Ravenswood and 54% of our alumina requirements for Mt. Holly run through 2006. The supply agreement for the remaining 46% of our requirements for Mt. Holly runs through January 31, 2008.

Sales to Glencore

We sold primary aluminum to Glencore in 2005 on an arms'-length basis at market prices. For the year ended December 31, 2005, net sales to Glencore amounted to $171.0 million, including gains and losses realized on the settlement of financial contracts. Sales of primary aluminum to Glencore amounted to 15.1% of the Company's total revenues in 2005.

We have a contract to sell Glencore approximately 50,000 metric tons of primary aluminum produced at Mt. Holly each year through December 31, 2009 at a variable price determined by reference to the LME. We have a contract to sell Glencore 20,000 metric tons per year of primary aluminum produced at Ravenswood and Mt. Holly through December 31, 2013 at a variable price based on the LME, adjusted by a negotiated U.S. Midwest market premium with a cap and floor as applied to the current U.S. Midwest premium.

As of December 31, 2005, we had outstanding forward financial sales contracts with Glencore for 1,057,850 metric tons of primary aluminum, of which 271,250 metric tons were designated as cash flow hedges. These financial sales contracts are scheduled for settlement at various dates through 2008. In November 2004 and June 2005, we entered into forward financial sales contracts with Glencore for the years 2006 through 2010 and 2008 through 2015, respectively. These sales contracts, which are for a minimum of 300,600 and 460,200 metric tons of primary aluminum, respectively, contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. These contracts will be settled monthly, and if the market price exceeds the ceiling price for all contract months through each contracts term, the maximum additional shipment volume under each set of contracts would be 300,600 and 460,200 metric tons, respectively.

Other Transactions with Glencore

Nordural Tolling Agreement

Effective as of February 10, 2005, we amended and restated our alumina tolling agreement with Glencore dated August 1, 2004. The agreement is a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of expansion capacity being added at Nordural. In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum AS for the period 2007 to 2010. The term of the agreement is expected to begin in July 2006. See Item 7 "— Key Long-Term Primary Aluminum Sales Contracts."

Letter of Credit for Industrial Revenue Bonds

Until June 30, 2005, the IRBs were secured by a Glencore guaranteed letter of credit. Under that arrangement we had agreed to reimburse Glencore for all costs related the letter of credit, including servicing costs, and we secured this reimbursement obligation with a first priority security interest in 20% of our ownership of Hawesville. On June 30, 2005 we replaced the Glencore letter of credit and our corresponding security obligations to Glencore were released.

Certain Business Relationships

Mr. Craig A. Davis, the Chairman of our Board of Directors, is a director of Glencore International AG and was an executive of Glencore International AG and Glencore AG from September 1990 until June 1996.

Mr. Willy R. Strothotte, a director, is Chairman of the Board of Directors of Glencore International AG and served as its Chief Executive Officer from 1993 through 2001.

Mr. Roman A. Bninski, a director, is a partner of Curtis, Mallet-Prevost, Colt & Mosle LLP, which furnishes legal services to us and Glencore. On March 8, 2006, Mr. Bninski informed the Board that he will not stand for reelection when his current term expires on the date of our 2006 annual meeting of stockholders.

Mr. Stuart M. Schreiber, a director, is the managing director and owner of Integis, Inc., which we paid $839,000 in fees for management and executive search services provided to us in 2005. In addition, Mr. Schreiber, who is not independent, serves as a consultant to both the Compensation Committee and the Nominating Committee. Our Board of Directors determined that his service to these committees was in our and our stockholders' best interest due to his unique industry experience and knowledge. Mr. Schreiber receives a fee of $2,000 per committee meeting he attends as a consultant. In 2005, Mr. Schreiber attended 4 Compensation Committee and 12 Nominating Committee meetings. On March 8, 2006, Mr. Schreiber informed the Board that he will not stand for reelection when his current term expires on the date of our 2006 annual meeting of stockholders.

Item 14. *Principal Accountant Fees and Services*

In addition to performing the audit of our consolidated financial statements, Deloitte & Touche LLP provided various other services during the last two years. The aggregate fees billed for the last two years for each of the following categories of services are set forth below:

	2005	2004
Audit Fees	$1,857,000	$2,264,000
Audit-Related Fees	99,000	90,000
Tax Fees	371,000	275,000
All Other Fees	—	—
Total All Fees	$2,327,000	$2,629,000

Audit Fees. Audit Fees include professional services rendered in connection with the audit of our consolidated financial statements, audit of management's assessment of the effectiveness of our internal control over financial reporting, audit of the effectiveness of our internal control over financial reporting, audit of the opening balance sheet of acquisitions accounted for as a purchase, reviews of the consolidated financial statements included in our quarterly reports on Form 10-Q, consultation on accounting matters, and review of documents filed with the Securities and Exchange Commission.

Audit-Related Fees. Audit-Related Fees include audits of the Company's employee benefit plans and consultation on accounting matters or transactions.

Tax Fees. Tax fees include the preparation of federal and state tax returns, and consultation related to tax planning, tax advice, tax compliance, and acquisitions.

All Other Fees. The aggregate fees for all other services include actuarial services and evaluation and design of various employee benefit matters including consultation on employee benefit matters.

All services rendered by Deloitte & Touche LLP are pre-approved by the Audit Committee in accordance with the Committee's pre-approval procedures. Under those procedures, the terms and fees of annual audit services, and changes thereto, must be approved by the Audit Committee. The Audit Committee also pre-approves the scope of audit-related, tax and other non-audit services that may be performed by our independent auditors during the fiscal year, subject to dollar limitations set by the Committee. The foregoing pre-approval procedures are subject to the de minimis exceptions for non-audit services described in Section 10A (i) (1) (B) of the Exchange Act which are approved by the Audit Committee prior to completion of the audit. All of the audit and non-audit services furnished were pre-approved by the Audit Committee.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) (1) List of Financial Statements

The following Consolidated Financial Statements of Century Aluminum Company and the Independent Auditors' Report are included in Part II, Item 8 of this Form 10-K.

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets at December 31, 2005 and 2004.

Consolidated Statements of Operations for the years ended December 31, 2005, 2004 and 2003.

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2005, 2004 and 2003.

Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003.

Notes to the Consolidated Financial Statements.

(a) (2) List of Financial Statement Schedules

Report of Independent Registered Public Accounting Firm.

Schedule II — Valuation and Qualifying Accounts for the years ended December 31, 2005, 2004 and 2003.

(a) (3) List of Exhibits

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference: Form	File No.	Filing Date	Filed Herewith
3.1	Restated Certificate of Incorporation of Century Aluminum Company, as amended	8-K	000-27918	August 16, 2005	
3.2	Amended and Restated Bylaws of Century Aluminum Company	8-K	000-27918	August 16, 2005	
4.1	Form of Stock Certificate	S-1	33-95486	August 8, 1995	
4.2	Purchase Agreement for Century Aluminum Company's 7.5% Senior Notes, dated August 10, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.3	Registration Rights Agreement for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, the guarantors party thereto and Credit Suisse First Boston LLC, as Representative of the Initial Purchasers	8-K	000-27918	September 1, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference: Form	File No.	Filing Date	Filed Herewith
4.4	Indenture for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	
4.5	Supplemental Indenture No. 1 for Century Aluminum Company's 7.5% Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.6	Supplemental Indenture No. 2 for Century Aluminum Company's 7.5% Senior Notes dated as of December 29, 2005, among Century Aluminum Company, NSA General Partnership, as a Guarantor and Wilmington Trust Company, as Trustee				X
4.7	Purchase Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 30, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.8	Registration Rights Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the initial purchasers set forth therein	S-1	333-121255	December 14, 2004	
4.9	Indenture for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.10	Supplemental Indenture No. 1 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.11	Supplemental Indenture No. 2 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.12	Supplemental Indenture No. 3 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.13	Supplemental Indenture No. 4 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of December 29, 2005, among Century Aluminum Company, NSA General Partnership, as a Guarantor and Wilmington Trust Company, as Trustee				X
10.1	Agreement, dated June 12, 1992, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	
10.2	Agreement, dated November 30, 1994, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	
10.3	Extension of Labor Agreement, dated February 21, 2002, by and between Century Aluminum of West Virginia, Inc. and the United Steelworkers of America AFL-CIO	10-Q	000-27918	May 14, 2002	
10.4	Collective Bargaining Agreement, effective April 2, 2001, by and between Century Aluminum of Kentucky, LLC and the United Steelworkers of America, AFL-CIO-CLC	10-Q	000-27918	August 14, 2001	
10.5	Amended and Restated Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Craig A. Davis*	10-K	000-27918	February 26, 2004	
10.6	Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and Craig A. Davis*	10-Q	000-27918	August 9, 2005	
10.7	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 2002	
10.8	Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Gerald J. Kitchen*	10-K	000-27918	February 26, 2004	
10.9	Second Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.10	Omnibus Amendment Agreement, dated as of December 8, 2005, by and between Century Aluminum Company and Gerald J. Kitchen				X
10.11	Consulting Agreement, effective as of April 1, 2006, by and between Century Aluminum Company and Gerald J. Kitchen (as modified by Omnibus Agreement)	10-Q	000-27918	August 9, 2005	
10.12	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 2002	
10.13	First Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and David W. Beckley*	10-K	000-27918	February 26, 2004	
10.14	Second Amendment to Employment Agreement, dated as of March 22, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 5, 2005	
10.15	Third Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	
10.16	Omnibus Amendment Agreement, dated as of December 8, 2005, by and between Century Aluminum Company and David W. Beckley				X
10.17	Employment Agreement, effective as October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.18	Amendment Agreement, dated as of December 8, 2005, by and between Century Aluminum Company and E. Jack Gates.				X
10.19	Employment Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W. Kruger*				X
10.20	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	
10.21	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.22	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and E. Jack Gates*	10-Q	000-27918	August 9, 2005	
10.23	Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and Daniel J. Krofcheck*	10-Q	000-27918	August 9, 2005	
10.24	Severance Protection Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W Kruger*				X
10.25	Non-Employee Directors Stock Option Plan*	S-1	33-95486	March 28, 1996	
10.26	Century Aluminum Company Incentive Compensation Plan*	10-Q	000-27918	August 14, 1998	
10.27	Amended and Restated 1996 Stock Incentive Plan*	8-K	000-27918	August 16, 2005	
10.28	Form of Non-Qualified Stock Option Agreement — Employee				X
10.29	Form of Non-Qualified Stock Option Agreement — Non-Employee Director				X
10.30	Form of Incentive Stock Option Agreement				X
10.31	Century Aluminum Company 1996 Stock Incentive Plan Implementation Guidelines (as amended December 14, 2001)*				X
10.32	Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	May 14, 2002	
10.33	First Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-K	000-27918	March 16, 2005	
10.34	Second Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	August 9, 2005	
10.35	Amended and Restated Asset Purchase Agreement, dated as of December 13, 1988, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Acquisition Corporation	S-1	33-95486	March 28, 1996	
10.36	Acquisition Agreement, dated July 19, 1995, by and between Virgin Islands Alumina Corporation and St. Croix Alumina, L.L.C	S-1	33-95486	March 28, 1996	
10.37	Ravenswood Environmental Services Agreement, dated as of February 7, 1989, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Aluminum Corporation	S-1	33-95486	March 28, 1996	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.38	Asset Purchase Agreement, dated as of March 31, 2000, by and between Xstrata Aluminum Corporation and Berkeley Aluminum, Inc.	8-K	000-27918	April 20, 2000	
10.39	Form of Tax Sharing Agreement	S-1	33-95486	March 28, 1996	
10.40	Form of Disaffiliation Agreement	S-1	33-95486	March 28, 1996	
10.41	Amended and Restated Owners Agreement, dated as of January 26, 1996, by and between Alumax of South Carolina, Inc., Berkeley Aluminum, Inc. and Glencore Primary Aluminum Company LLC	S-1	33-95486	March 28, 1996	
10.42	Alumina Supply Contract, dated January 1, 2001, by and between Century Aluminum of West Virginia and Glencore Ltd.	10-Q	000-27918	May 14, 2002	
10.43	Alumina Supply Contract, dated January 1, 2001, by and between Berkeley Aluminum and Glencore AG	10-Q	000-27918	May 14, 2002	
10.44	Purchase Agreement, dated as of May 17, 2004, among Kaiser Aluminum & Chemical Corporation, Kaiser Bauxite Company, Gramercy Alumina LLC and St. Ann Bauxite Limited**	10-Q	000-27918	November 9, 2004	
10.45	Loan Agreement, dated as of February 10, 2005, among Nordural ehf., the several lenders from time to time parties thereto, Landsbanki Islands hf., as administrative agent and Kaupthing Bank hf., as security trustee	S-1/A	333-121255	February 16, 2005	
10.46	Accounts Pledge Agreement, dated as of February 10, 2005, among Nordural ehf., Kaupthing Bank hf., as security trustee and Kaupthing Bank hf. and Landsbanki Íslands hf. as account banks	S-4/A	333-121729	February 11, 2005	
10.47	Declaration of Pledge, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.48	Securities Pledge Agreement, dated as of February 10, 2005, among Nordural Holdings I ehf., Nordural Holdings II ehf., Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.49	General Bond, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.50	Amended and Restated Toll Conversion Agreement, dated as of February 10, 2005, by Nordural ehf and Glencore AG	10-Q	000-27918	August 9, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.51	Loan and Security Agreement, dated as of September 19, 2005, by and among Bank of America, N.A., Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., and Century Aluminum of Kentucky General Partnership	10-Q	000-27918	November 9, 2005	
10.52	Joinder Agreement, dated as of December 31, 2005, among NSA General Partnership, the Lenders party thereto, the existing Borrowers party thereto, and Bank of America, N.A., in its capacity as Agent under that certain Loan and Security Agreement, dated as of September 19, 2005				X
10.53	Letter Agreement, dated March 5, 2006, from Integis, Inc. and Century Aluminum Company				X
21.1	List of Subsidiaries				X
23.1	Consent of Deloitte & Touche LLP				X
24.1	Powers of Attorney				X
31.1	Rule 13a-14(a)/15d-14(a) Certification — Chief Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification — Chief Financial Officer				X
32.1	Section 1350 Certifications				X

* Management contract or compensatory plan.

** Schedules and exhibits are omitted and will be furnished to the Securities and Exchange Commission upon request.

*** Confidential information was omitted from this exhibit pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTURY ALUMINUM COMPANY

By: /s/ MICHAEL A. BLESS
Michael A. Bless
Executive Vice President
and Chief Financial Officer

Dated: March 16, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ LOGAN W. KRUGER Logan W. Kruger	Chief Executive Officer	March 16, 2006
/s/ MICHAEL A. BLESS Michael A. Bless	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 16, 2006
* Craig A. Davis	Chairman	March 16, 2006
* Jarl Berntzen	Director	March 16, 2006
* Roman A. Bninski	Director	March 16, 2006
* Robert E. Fishman	Director	March 16, 2006
* John C. Fontaine	Director	March 16, 2006
* John P. O'Brien	Director	March 16, 2006
* Stuart M. Schreiber	Director	March 16, 2006
* Willy R. Strothotte	Director	March 16, 2006
* Jack E. Thompson	Director	March 16, 2006

*By: /s/ GERALD J. KITCHEN
Gerald J. Kitchen, as Attorney-in-fact

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited the consolidated financial statements of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2005 and 2004, and for each of the three years in the period ended December 31, 2005, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, and have issued our reports thereon dated March 14, 2006 (the report on the audit of the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph as to the change in method of accounting for inventory and the adoption of Statement of Financial Accounting Standards No. 143, *Accounting for the Asset Retirement Obligations*); such consolidated financial statements and reports are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
March 14, 2006

CENTURY ALUMINUM COMPANY

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Charged To Cost and Expense	Deductions	Balance at End of Period
		(Dollars in thousands)		
YEAR ENDED DECEMBER 31, 2003:				
Allowance for doubtful trade accounts receivable	$4,053	$ —	$ 85	$3,968
YEAR ENDED DECEMBER 31, 2004:				
Allowance for doubtful trade accounts receivable	$3,968	$279	$3,227	$1,020
YEAR ENDED DECEMBER 31, 2005:				
Allowance for doubtful trade accounts receivable	$1,020	$ —	$ 20	$1,000

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
3.1	Restated Certificate of Incorporation of Century Aluminum Company, as amended	8-K	000-27918	August 16, 2005	
3.2	Amended and Restated Bylaws of Century Aluminum Company	8-K	000-27918	August 16, 2005	
4.1	Form of Stock Certificate	S-1	33-95486	August 8, 1995	
4.2	Purchase Agreement for Century Aluminum Company's 7.5% Senior Notes, dated August 10, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.3	Registration Rights Agreement for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, the guarantors party thereto and Credit Suisse First Boston LLC, as Representative of the Initial Purchasers	8-K	000-27918	September 1, 2004	
4.4	Indenture for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	
4.5	Supplemental Indenture No. 1 for Century Aluminum Company's 7.5% Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.6	Supplemental Indenture No. 2 for Century Aluminum Company's 7.5% Senior Notes dated as of December 29, 2005, among Century Aluminum Company, NSA General Partnership, as a Guarantor and Wilmington Trust Company, as Trustee				X
4.7	Purchase Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 30, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.8	Registration Rights Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the initial purchasers set forth therein	S-1	333-121255	December 14, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.9	Indenture for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.10	Supplemental Indenture No. 1 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.11	Supplemental Indenture No. 2 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.12	Supplemental Indenture No. 3 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.13	Supplemental Indenture No. 4 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of December 29, 2005, among Century Aluminum Company, NSA General Partnership, as a Guarantor and Wilmington Trust Company, as Trustee				X
10.1	Agreement, dated June 12, 1992, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	
10.2	Agreement, dated November 30, 1994, by and between Ravenswood Aluminum Corporation and United Steelworkers of America AFL-CIO, Local 5668	S-1	33-95486	March 28, 1996	
10.3	Extension of Labor Agreement, dated February 21, 2002, by and between Century Aluminum of West Virginia, Inc. and the United Steelworkers of America AFL-CIO	10-Q	000-27918	May 14, 2002	
10.4	Collective Bargaining Agreement, effective April 2, 2001, by and between Century Aluminum of Kentucky, LLC and the United Steelworkers of America, AFL-CIO-CLC	10-Q	000-27918	August 14, 2001	
10.5	Amended and Restated Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Craig A. Davis*	10-K	000-27918	February 26, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.6	Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and Craig A. Davis*	10-Q	000-27918	August 9, 2005	
10.7	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 2002	
10.8	Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Gerald J. Kitchen*	10-K	000-27918	February 26, 2004	
10.9	Second Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	
10.10	Omnibus Amendment Agreement, dated as of December 8, 2005, by and between Century Aluminum Company and Gerald J. Kitchen				X
10.11	Consulting Agreement, effective as of April 1, 2006, by and between Century Aluminum Company and Gerald J. Kitchen (as modified by Omnibus Agreement)	10-Q	000-27918	August 9, 2005	
10.12	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 2002	
10.13	First Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and David W. Beckley*	10-K	000-27918	February 26, 2004	
10.14	Second Amendment to Employment Agreement, dated as of March 22, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 5, 2005	
10.15	Third Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	
10.16	Omnibus Amendment Agreement, dated as of December 8, 2005, by and between Century Aluminum Company and David W. Beckley				X
10.17	Employment Agreement, effective as October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.18	Amendment Agreement, dated as of December 8, 2005, by and between Century Aluminum Company and E. Jack Gates.				X

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.19	Employment Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W. Kruger*				X
10.20	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	
10.21	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	
10.22	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and E. Jack Gates*	10-Q	000-27918	August 9, 2005	
10.23	Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and Daniel J. Krofcheck*	10-Q	000-27918	August 9, 2005	
10.24	Severance Protection Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W Kruger*				X
10.25	Non-Employee Directors Stock Option Plan*	S-1	33-95486	March 28, 1996	
10.26	Century Aluminum Company Incentive Compensation Plan*	10-Q	000-27918	August 14, 1998	
10.27	Amended and Restated 1996 Stock Incentive Plan*	8-K	000-27918	August 16, 2005	
10.28	Form of Non-Qualified Stock Option Agreement — Employee				X
10.29	Form of Non-Qualified Stock Option Agreement — Non-Employee Director				X
10.30	Form of Incentive Stock Option Agreement				X
10.31	Century Aluminum Company 1996 Stock Incentive Plan Implementation Guidelines (as amended December 14, 2001)*				X
10.32	Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	May 14, 2002	
10.33	First Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-K	000-27918	March 16, 2005	
10.34	Second Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	August 9, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.35	Amended and Restated Asset Purchase Agreement, dated as of December 13, 1988, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Acquisition Corporation	S-1	33-95486	March 28, 1996	
10.36	Acquisition Agreement, dated July 19, 1995, by and between Virgin Islands Alumina Corporation and St. Croix Alumina, L.L.C	S-1	33-95486	March 28, 1996	
10.37	Ravenswood Environmental Services Agreement, dated as of February 7, 1989, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Aluminum Corporation	S-1	33-95486	March 28, 1996	
10.38	Asset Purchase Agreement, dated as of March 31, 2000, by and between Xstrata Aluminum Corporation and Berkeley Aluminum, Inc.	8-K	000-27918	April 20, 2000	
10.39	Form of Tax Sharing Agreement	S-1	33-95486	March 28, 1996	
10.40	Form of Disaffiliation Agreement	S-1	33-95486	March 28, 1996	
10.41	Amended and Restated Owners Agreement, dated as of January 26, 1996, by and between Alumax of South Carolina, Inc., Berkeley Aluminum, Inc. and Glencore Primary Aluminum Company LLC	S-1	33-95486	March 28, 1996	
10.42	Alumina Supply Contract, dated January 1, 2001, by and between Century Aluminum of West Virginia and Glencore Ltd.	10-Q	000-27918	May 14, 2002	
10.43	Alumina Supply Contract, dated January 1, 2001, by and between Berkeley Aluminum and Glencore AG	10-Q	000-27918	May 14, 2002	
10.44	Purchase Agreement, dated as of May 17, 2004, among Kaiser Aluminum & Chemical Corporation, Kaiser Bauxite Company, Gramercy Alumina LLC and St. Ann Bauxite Limited**	10-Q	000-27918	November 9, 2004	
10.45	Loan Agreement, dated as of February 10, 2005, among Nordural ehf., the several lenders from time to time parties thereto, Landsbanki Islands hf., as administrative agent and Kaupthing Bank hf., as security trustee	S-1/A	333-121255	February 16, 2005	
10.46	Accounts Pledge Agreement, dated as of February 10, 2005, among Nordural ehf., Kaupthing Bank hf., as security trustee and Kaupthing Bank hf. and Landsbanki Íslands hf. as account banks	S-4/A	333-121729	February 11, 2005	
10.47	Declaration of Pledge, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.48	Securities Pledge Agreement, dated as of February 10, 2005, among Nordural Holdings I ehf., Nordural Holdings II ehf., Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.49	General Bond, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.50	Amended and Restated Toll Conversion Agreement, dated as of February 10, 2005, by Nordural ehf and Glencore AG	10-Q	000-27918	August 9, 2005	
10.51	Loan and Security Agreement, dated as of September 19, 2005, by and among Bank of America, N.A., Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., and Century Aluminum of Kentucky General Partnership	10-Q	000-27918	November 9, 2005	
10.52	Joinder Agreement, dated as of December 31, 2005, among NSA General Partnership, the Lenders party thereto, the existing Borrowers party thereto, and Bank of America, N.A., in its capacity as Agent under that certain Loan and Security Agreement, dated as of September 19, 2005				X
10.53	Letter Agreement, dated March 5, 2006, from Integis, Inc. and Century Aluminum Company				X
21.1	List of Subsidiaries				X
23.1	Consent of Deloitte & Touche LLP				X
24.1	Powers of Attorney				X
31.1	Rule 13a-14(a)/15d-14(a) Certification — Chief Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification — Chief Financial Officer				X
32.1	Section 1350 Certifications				X

* Management contract or compensatory plan.

** Schedules and exhibits are omitted and will be furnished to the Securities and Exchange Commission upon request.

*** Confidential information was omitted from this exhibit pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

EXHIBIT 21.1

CENTURY ALUMINUM COMPANY
SUBSIDIARIES OF THE REGISTRANT

Company Name	State or Other Jurisdiction of Incorporation or Organization	Name Under Business is Conducted
Berkeley Aluminum, Inc.	Delaware	Berkeley Aluminum, Inc.
Century Alumina, Inc.	Delaware	Century Alumina
Century Aluminum Holdings, Inc.	Delaware	Century Aluminum Holdings, Inc.
Century Aluminum of Kentucky General Partnership	Kentucky	Century Aluminum of Kentucky, GP
Century Aluminum of Kentucky LLC	Delaware	Century Aluminum of Kentucky LLC
Century Aluminum of West Virginia, Inc.	Delaware	Century Aluminum of West Virginia, Inc.
Century Bermuda I Limited	Bermuda	Century Bermuda I Limited
Century Bermuda II Limited	Bermuda	Century Bermuda II Limited
Century Kentucky, Inc.	Delaware	Century Kentucky, Inc.
Century Louisiana, Inc.	Delaware	Century Louisiana, Inc.
Hancock Aluminum LLC	Delaware	Hancock Aluminum, LLC
Metalsco, Ltd.	Georgia	Metalsco, Ltd.
Nordural ehf.	Iceland	Nordural ehf.
Nordural Holdings I eHf.	Iceland	Nordural Holdings I eHf.
Nordural Holdings II eHf.	Iceland	Nordural Holdings II eHf.
Nordural U.S. LLC	Delaware	Nordural U.S. LLC
NSA General Partnership	Kentucky	NSA GP
Skyliner, Inc.	Delaware	Skyliner, Inc.
St. Ann Bauxite Holdings Limited	St. Lucia, West Indies	St. Ann Bauxite Holdings Limited
Virgin Islands Alumina Corporation, LLC	Delaware	VIALCO

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-15689, No. 333-42534, No. 333-65924, and No. 333-129698 for the Century Aluminum Company 1996 Stock Incentive Plan, Registration Statement No. 333-15671 for the Century Aluminum Company Non-Employee Directors Stock Option Plan, Registration Statement No. 333-129699 for the Century Aluminum 401(k) Plan, Registration No. 333-07239 for the Century Aluminum Company of West Virginia, Inc. Salaried Employee Defined Contribution Retirement Plan and Registration Statements No. 333-129697 and No. 333-28827 for the Century Aluminum Company of West Virginia, Inc. United Steelworkers of America Savings Plan (all on Forms S-8) of our reports dated March 14, 2006 relating to the financial statements and financial statement schedule of Century Aluminum Company and subsidiaries and management's report on the effectiveness of internal control over financial reporting, which report on the financial statements expresses an unqualified opinion and includes an explanatory paragraph as to the change in method of accounting for inventory and the adoption of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*, all appearing in this Annual Report on Form 10-K of Century Aluminum Company for the year ended December 31, 2005.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
March 15, 2006

EXHIBIT 31.1: CERTIFICATION OF DISCLOSURE IN CENTURY ALUMINUM COMPANY'S ANNUAL REPORT FILED ON FORM 10-K

I, Logan W. Kruger, certify that:

1) I have reviewed this annual report on Form 10-K of the registrant;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ LOGAN W. KRUGER

Name: Logan W. Kruger
Title: Chief Executive Officer

Date: March 16, 2006

EXHIBIT 31.2: CERTIFICATION OF DISCLOSURE IN CENTURY ALUMINUM COMPANY'S ANNUAL REPORT FILED ON FORM 10-K

I, Michael A. Bless, certify that:

1) I have reviewed this annual report on Form 10-K of the registrant;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. BLESS

Name: Michael A. Bless
Title: Executive Vice President and Chief Financial Officer

Date: March 16, 2006

Exhibit 32.1

Certification of
the Chief Executive Officer and Chief Financial Officer
pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. 1350)

In connection with the annual report on Form 10-K of Century Aluminum Company (the "Company") for the year ended December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Logan Kruger, as Chief Executive Officer of the Company, and Michael Bless, as Chief Financial Officer of the Company, each hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. This report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LOGAN W. KRUGER

By: Logan W. Kruger
Title: Chief Executive Officer

Date: March 16, 2006

/s/ MICHAEL A. BLESS

By: Michael A. Bless
Title: Chief Financial Officer

Date: March 16, 2006

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APPENDIX III

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-27918

CENTURY ALUMINUM COMPANY

(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of Incorporation or organization)*	**13-3070826** *(IRS Employer Identification No.)*
2511 Garden Road **Building A, Suite 200** **Monterey, California** *(Address of registrant's principal offices)*	**93940** *(Zip Code)*

Registrant's telephone number, including area code
(831) 642-9300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered:
Common Stock, $0.01 par value per share	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated file and large accelerated filer" in Rule 12b-2 of the Act).

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

Based upon the closing price of the registrant's common stock on the NASDAQ Global Select Market on June 30, 2006, the approximate aggregate market value of the common stock held by non-affiliates of the registrant was approximately $819,647,000. As of February 28, 2007, 32,522,340 shares of common stock of the registrant were issued and outstanding.

Documents Incorporated by Reference:

All or a portion of Items 10 through 14 in Part III of this Form 10-K are incorporated by reference to the Registrant's definitive proxy statement on Schedule 14A, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if the Registrant's Schedule 14A is not filed within such period, will be included in an amendment to this Report on Form 10-K which will be filed within such 120 day period.

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PART I

Throughout this Form 10-K, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. We have based these forward-looking statements on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as "expects," "anticipates," "plans," "believes," "projects," "estimates," "intends," "should," "could," "would," "will," "scheduled," "potential" and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those discussed under Part I, Item 1, "Business," Part I, Item 1A, "Risk Factors," Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part II, Item 8, "Financial Statements and Supplementary Data," and:

- The cyclical nature of the aluminum industry causes variability in our earnings and cash flows;
- The loss of a customer to whom we deliver molten aluminum would increase our production costs;
- Glencore International AG owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;
- We enter into forward sales and hedging contracts with Glencore International AG that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore, could affect how we hedge our exposure to metal price risk;
- We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to one or more of our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;
- Due to volatile prices for alumina and electricity, the principal cost components of primary aluminum production, our production costs could be materially impacted if we experience changes to or disruptions in our current alumina or power supply arrangements, production costs at our alumina refining operation increase significantly, or if we are unable to obtain economic replacement contracts for our alumina supply or power as those contracts expire;
- By expanding our geographic presence and diversifying our operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, we are exposed to new risks and uncertainties that could adversely affect the overall profitability of our business;
- Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our margins;
- Most of our employees are unionized and any labor dispute could materially impair our ability to conduct our production operations at our unionized facilities;
- We are subject to a variety of existing environmental laws that could result in unanticipated costs or liabilities and our planned environmental spending over the next three years may be inadequate to meet our requirements;
- We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire;
- We cannot guarantee that our subsidiary Nordural will be able to complete its expansion from 220,000 metric tons to 260,000 metric tons in the time forecast or without cost overruns; and
- Our high level of indebtedness reduces cash available for other purposes and limits our ability to incur additional debt and pursue our growth strategy.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date of this filing. However, given the described uncertainties and risks, we cannot guarantee

our future performance or results of operations and you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks described above and elsewhere in this report, including in Item 1A, "Risk Factors" should be considered when reading any forward-looking statements in this filing.

Item 1. *Business*

Overview

Prior to our initial public offering in April 1996, we were an indirect, wholly-owned subsidiary of Glencore International AG (together with its subsidiaries, "Glencore"). As of February 28, 2007, Glencore, our largest shareholder, owned approximately 28.7% of our outstanding common stock.

We produce primary aluminum. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange ("LME"). Our primary aluminum facilities produce value-added and standard-grade primary aluminum products. We are the third largest primary aluminum producer in North America, behind ALCOA Inc. (together with its affiliates, "ALCOA") and Alcan Inc. (together with its affiliates, "Alcan"). In April 2004, we acquired Nordural, an Icelandic primary aluminum facility which became our first production facility located outside of the United States. We produced approximately 680,000 metric tons of primary aluminum in 2006 with net sales of approximately $1.6 billion. Our current primary aluminum production capacity is 745,000 metric tons per year ("mtpy"). With the scheduled expansion of our Nordural facility from 220,000 mtpy to 260,000 mtpy ("Phase V expansion") in the fourth quarter of 2007, our rated production capacity will increase to 785,000 mtpy. In addition to our primary aluminum assets, we have 50 percent joint venture interests in the Gramercy alumina refinery, located in Gramercy, Louisiana and a related bauxite mining operation in Jamaica. The Gramercy refinery supplies substantially all of the alumina used for the production of primary aluminum at our Hawesville, Kentucky primary aluminum facility.

Primary Aluminum Facilities:

Facility	Location	Operational	Capacity (mtpy)	Ownership Percent
Nordural (1)	Grundartangi, Iceland	1998	220,000	100%
Hawesville (2)	Hawesville, Kentucky, USA	1970	244,000	100%
Ravenswood.	Ravenswood, West Virginia, USA	1957	170,000	100%
Mt. Holly (3)	Mount Holly, South Carolina, USA	1980	224,000	49.7%

(1) Nordural's rated production capacity is scheduled to increase to 260,000 mtpy in the fourth quarter of 2007 upon completion of the Phase V expansion.

(2) The facility completed an expansion in 1999, increasing the capacity at the facility to 244,000 mtpy of primary aluminum.

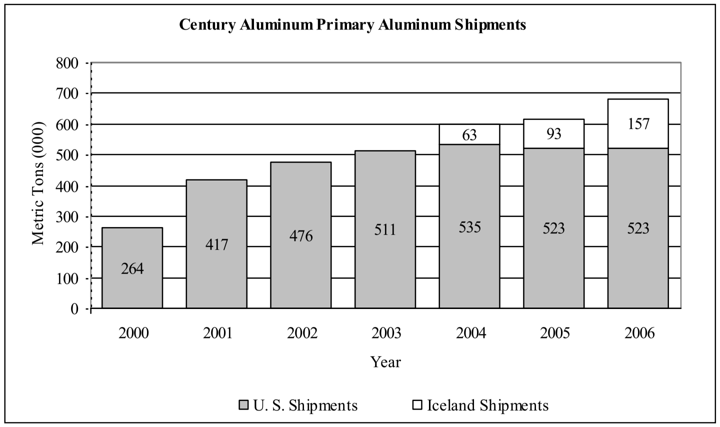
(3) ALCOA holds the remaining 50.3% ownership interest and is the operator. Century's share of Mt. Holly's capacity is approximately 111,000 mtpy.

Bauxite and Alumina Facilities:

Facility	Location	Type	Capacity	Ownership Percent
Gramercy	Gramercy, Louisiana, USA	Alumina Refinery	1.2 million mtpy	50%
St. Ann Limited (1)	St. Ann, Jamaica	Bauxite	4.5 million mtpy	50%

(1) The Government of Jamaica has granted St. Ann Bauxite Limited ("SABL") rights to mine 4.5 million dry metric tons of bauxite on specified lands annually through September 30, 2030.

Our strategic objectives are to: (i) increase our primary aluminum business in Iceland by expanding our existing capacity and building additional greenfield capacity; (ii) expand our primary aluminum business by investing in or acquiring additional capacity that offers favorable returns and lowers our per unit production costs; (iii) further diversify our geographic presence; and (iv) pursue upstream opportunities in bauxite mining and alumina refining. The following table shows our primary aluminum shipment volumes since 2000.



To date, our growth activities have included:

- acquiring an additional 23% interest in the Mt. Holly facility ("Mt. Holly") in April 2000;
- acquiring an 80% interest in the Hawesville facility ("Hawesville") in April 2001;
- acquiring the remaining 20% interest in Hawesville in April 2003;
- acquiring the Grundartangi facility ("Nordural") in April 2004;
- acquiring a 50% joint venture in the Gramercy facility ("Gramercy"), our first alumina refining facility, together with related bauxite mining assets in October 2004, and;
- an ongoing expansion of Nordural's production capacity to 260,000 metric tons of primary aluminum (from 90,000 mtpy at the time of our acquisition), which is expected to be completed in the fourth quarter of 2007.

Recent Developments

More information on our recent developments is available in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

Competition

The market for primary aluminum is global, and demand for aluminum varies widely from region to region. We compete with U.S. and international companies in the aluminum industry primarily in the areas of price, quality and service. In addition, aluminum competes with materials such as steel, copper, plastic and glass, which may be substituted for aluminum in certain applications.

Our Hawesville and Ravenswood plants are each located adjacent to their largest customer which allows them to deliver metal in molten form, at a cost savings to both parties, providing a competitive advantage over other potential suppliers. Our Hawesville plant also has a competitive advantage due to its ability to produce the high purity aluminum needed by its largest customer for the manufacture of electrical transmission lines.

Customer Base

In 2006, we derived approximately 84% of our consolidated sales from the following four major customers: Southwire, Alcan, Glencore and BHP Billiton. Additional information about the revenues and percentage of sales to these major customers is available in Note 17 of the Consolidated Financial Statements included herein. A loss of any of these customers could have a material adverse effect on our results of operations. We currently have long-term primary aluminum sales or tolling contracts with Southwire, Glencore and BHP Billiton (The Alcan Metal agreement expires in July 2007). More information about these contracts is available at "Key Long-term Primary Aluminum Sales Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Financial Information about Segments and Geographic Areas

We operate in one reportable segment, primary aluminum. Additional information about our primary aluminum segment and certain geographic information is available in Note 17 to the Consolidated Financial Statements included herein. For a description of certain risks attendant to our foreign operations, see Item 1A "Risk Factors."

Energy, Key Supplies and Raw Materials

We consume the following key supplies and raw materials in the primary aluminum reduction process:

- electricity
- alumina
- aluminum fluoride
- natural gas
- carbon
- cathode blocks
- liquid pitch
- silicon carbide
- caustic soda
- calcined petroleum coke

Electrical power, alumina, and labor are the principal components of cost of goods sold. These components together represented over 70 percent of our 2006 cost of goods sold. We have long-term contracts to ensure the future availability of many of these cost components. Additional information about our long-term supply and labor contracts is available under "Key Long-term Supply Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." For a description of certain risks attendant to our raw material supplies and labor, see Item 1A "Risk Factors."

Pricing

Our operating results are sensitive to changes in the price of primary aluminum and the raw materials used in our production. As a result, we try to mitigate the effects of fluctuations in primary aluminum and raw material prices through the use of various fixed-price commitments and financial instruments.

We offer a number of pricing alternatives to our customers which, combined with our metals risk management activities, are designed to achieve a certain level of price stability on our primary aluminum sales. Generally, we price our products at an indexed or "market" price, in which the customer pays an agreed-upon premium over the LME price or other market indices.

Nordural derives substantially all of its revenues from tolling arrangements whereby it converts alumina provided by its customers into primary aluminum for a fee based on the LME price for primary aluminum.

Nordural's revenues are subject to market price risk for the LME price of primary aluminum; however, because it produces primary aluminum under a tolling arrangement, Nordural is not exposed to fluctuations in the price for alumina, the principal raw material used in the production of primary aluminum. Nordural's tolling revenues include a premium based on the exemption available to Icelandic aluminum producers from the European Union ("EU") import duty for primary aluminum. The European Commission has considered and is currently considering various proposals that would phase-out this import duty. While the import duty remains intact to date, any decrease in the EU import duty will negatively impact Nordural's revenue. In addition, under its current power contract, Nordural purchases power at a rate which is a percentage of the LME price for primary aluminum. By linking its most significant production cost to the LME price for primary aluminum, Nordural is hedged against downswings in the market for primary aluminum; however, this hedge also limits Nordural's upside as the LME price increases.

Primary Aluminum Facilities

Nordural

The Nordural facility located in Grundartangi, Iceland, is owned and operated by our subsidiary, Nordural ehf. Nordural is our most modern and lowest cost facility. Operations at Nordural began in 1998 and production capacity was expanded in 2001 and again in 2006. The facility has an annual rated production capacity of 220,000 metric tons, which is scheduled to increase to 40,000 metric tons to 260,000 metric tons upon completion of the Phase V expansion expected in the fourth quarter of 2007.

Nordural operates under various long-term agreements with the Government of Iceland, local municipalities, and Faxafloahafnir sf (which operates the harbor at Grundartangi and is jointly owned by several municipalities). These agreements include: (i) an investment agreement which establishes Nordural's tax status and the Government's obligations to grant certain permits; (ii) a reduction plant site agreement by which Nordural leases the property through 2020, subject to renewal at its option; and (iii) a harbor agreement by which Nordural is granted access to the port at Grundartangi. In connection with its expansion, Nordural has entered into amendments to the investment agreement and the reduction plant site agreements with the Government of Iceland.

Expansion Project. In late 2006, we completed the expansion of the Nordural facility from an annual production capacity of 90,000 mtpy to 220,000 mpty at a total cost of approximately $482 million. A further expansion to 260,000 metric tons of annual production capacity began in 2006 and is projected to be completed in the fourth quarter of 2007 at an estimated total cost of approximately $132 million. We expect to fund the remaining costs of the expansion with operating cash flow generated by Nordural's operations and with the remaining borrowing availability under Nordural's $365 million senior term loan facility.

Tolling Agreements. Nordural has a long-term alumina tolling contract with a subsidiary of BHP Billiton which expires December 31, 2013. Under this contract, which is for approximately 130,000 metric tons of Nordural's annual capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. Nordural's tolling revenues include a premium based on the exemption available to Icelandic aluminum producers from the European Union ("EU") import duty for primary aluminum. Nordural has entered into a 10-year alumina tolling contract with Glencore for 90,000 metric tons of annual capacity that expires in 2016. Deliveries under this agreement started in July 2006. Nordural receives an LME-based fee under the Glencore contract. In 2005, Glencore assigned 45,000 mtpy of its tolling rights under this agreement to Hydro Aluminum AS ("Hydro") for the period 2007 to 2010. Nordural consented to the assignment.

Power. Landsvirkjun, a power company jointly owned by the Republic of Iceland and two Icelandic municipal governments, provides power for 90,000 mtpy of the Nordural facility's production capacity under a long-term contract due to expire in 2019. The power delivered by Landsvirkjun is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources. Hitaveita Suðurnesja hf. ("HS") and Orkuveita Reykjavíkur ("OR") supply the power required for Nordural's remaining 130,000 mtpy of production capacity. The price paid by Nordural for power delivered by HS and OR is also LME-based. OR has agreed to deliver additional power, on a long-term basis, which will allow a further expansion of Nordural's production capacity to 260,000 mtpy. Delivery of power from OR under the additional agreement is scheduled to start in late 2008. Nordural made a short term agreement with Landsvirkjun which will allow startup of the further expansion to 260,000 mtpy in the fourth quarter of 2007. The power agreement and the construction of additional production capacity are each subject to the satisfaction of certain conditions.

Employees. Our employees at Nordural are represented by five labor unions that operate under a labor contract that establishes wages and work rules for covered employees for the period through December 31, 2009.

Hawesville

Hawesville is owned by our subsidiary, Century Kentucky, Inc. Hawesville is located adjacent to the Ohio River near Hawesville, Kentucky and began operations in 1970. Hawesville has five reduction potlines with an annual rated production capacity of 244,000 metric tons.

Hawesville's original four potlines have an annual production capacity of approximately 195,000 metric tons and are specially configured and operated to produce high purity primary aluminum. The average purity level of primary aluminum produced by these potlines is 99.9%, compared to standard-purity aluminum which is approximately 99.7%. High purity primary aluminum is sold at a premium to standard-purity aluminum. The high purity primary aluminum provides the conductivity required by Hawesville's largest customer, Southwire, for its electrical wire and cable products as well as for certain aerospace applications. A fifth potline added in 1999 has an annual capacity of approximately 49,000 metric tons of standard-purity aluminum.

Metal Sales Agreement. Hawesville has a long-term aluminum sales contract with Southwire (the "Southwire Metal Agreement"). The Southwire Metal Agreement expires March 31, 2011, subject to automatic renewal for additional five-year terms, unless either party provides 12 months' notice that it has elected not to renew. The price for the molten aluminum delivered to Southwire is variable and is determined by reference to the U.S. Midwest Market Price. Under the contract, Hawesville supplies 240 million pounds (approximately 109,000 metric tons) of high-purity molten aluminum annually to Southwire's adjacent wire and cable manufacturing facility. Under this contract, Southwire will also purchase 60 million pounds (approximately 27,000 metric tons) of standard-grade molten aluminum each year through December 2010. Southwire has an option to purchase an equal amount of standard-grade molten aluminum in 2011. In addition, Southwire will purchase an additional 48 million pounds (approximately 22,000 metric tons) of standard grade molten aluminum during 2007.

Alumina. Hawesville purchases alumina under a supply agreement with Gramercy Alumina LLC ("GAL"). GAL is a joint venture company owned by Century and Xstrata (as successor by merger with Falconbridge Limited), which owns and operates the Gramercy alumina refinery. The alumina supply agreement runs through December 31, 2010 and the contract pricing varies based on GAL's cost of production.

Power. Hawesville purchases all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires December 31, 2010. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corp., with delivery guaranteed by LG&E. In 2007, Hawesville has unpriced power requirements of approximately 14 megawatts ("MW") or about 3% of its power requirements. All unpriced power will be priced at market prices. Hawesville has unpriced power requirements of 126 MW or 27% of its power requirements from 2008 through 2010. We are currently reviewing our options for pricing the unpriced power in 2008 through 2010. In addition, we are working with Big Rivers Electric Corporation ("Big Rivers") and Kenergy on a proposal that would restructure and extend the existing power supply contract from 2008 through 2023.

Employees. The bargaining unit employees at Hawesville are represented by the United Steelworkers of America ("USWA"). Century's collective bargaining agreement, which covers all of the represented hourly employees at Hawesville, expires March 31, 2010.

Ravenswood

The Ravenswood facility ("Ravenswood") is owned and operated by our subsidiary, Century Aluminum of West Virginia, Inc. ("Century of West Virginia"). Built in 1957, Ravenswood operates four potlines with an annual rated production capacity of 170,000 metric tons. The facility is located adjacent to the Ohio River near Ravenswood, West Virginia.

Metal Sales Agreements. Ravenswood produces molten aluminum that is delivered to Alcan's adjacent fabricating facility and standard-grade ingot that we sell in the marketplace. We have a contract with Alcan under which Alcan purchases 23 to 27 million pounds (approximately 10,500 to 12,250 metric tons) per month of molten aluminum produced at Ravenswood through July 31, 2007 (the "Alcan Metal Agreement"). The price for primary aluminum delivered under the Alcan Metal Agreement is variable and determined by reference to the U.S. Midwest Market Price. This contract requires us to deliver molten aluminum, which reduces our casting and shipping costs.

Ravenswood also sells 10,200 metric tons per year of primary aluminum under a contract with Glencore (the "Glencore Metal Agreement II") through December 31, 2013. Under the Glencore Metal Agreement II, Glencore purchases 20,400 metric tons per year of the primary aluminum produced at the Ravenswood and Mt. Holly facilities, at a price determined by reference to the U.S. Midwest Market Price, subject to an agreed cap and floor as applied to the U.S. Midwest Premium.

Alumina. Glencore supplies the alumina used at Ravenswood under a contract that expires on December 31, 2009. The contract pricing varies based on the LME price for primary aluminum.

Power. Appalachian Power Company supplies all of Ravenswood's power requirements. After December 31, 2007, Ravenswood may terminate the agreement by providing 12 months notice of termination. Power delivered under the supply agreement is as set forth in published tariffs. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels.

Employees. The bargaining unit employees at Ravenswood are represented by the USWA. The collective bargaining agreement that covers all of the represented hourly employees at Ravenswood expires May 31, 2009.

Mt. Holly

Mt. Holly, located in Mt. Holly, South Carolina, was built in 1980 and is the most recently constructed aluminum reduction facility in the United States. The facility consists of two potlines with a total annual rated production capacity of 224,000 metric tons and casting equipment used to cast molten aluminum into standard-grade ingot, extrusion billet and other value-added primary aluminum products. Value-added primary aluminum products are sold at a premium to standard-grade primary aluminum. Our 49.7% interest represents approximately 111,000 metric tons of the facility's annual production capacity.

Our interest in Mt. Holly is held through our subsidiary, Berkeley Aluminum, Inc. ("Berkeley"). Under the Mt. Holly ownership structure, we hold an undivided 49.7% interest in the property, plant and equipment comprising the aluminum reduction operations at Mt. Holly and an equivalent share in the general partnership responsible for the operation and maintenance of the facility. ALCOA owns the remaining 50.3% interest in Mt. Holly and an equivalent share of the operating partnership. Under the terms of the operating partnership, ALCOA is responsible for operating and maintaining the facility. Each owner supplies its own alumina for conversion to primary aluminum and is responsible for its proportionate share of operational and maintenance costs.

Metal Sales Agreements. We have a contract to sell to Glencore 50,000 metric tons of primary aluminum produced at Mt. Holly each year through December 31, 2009 (the "Glencore Metal Agreement I"). The Glencore Metal Agreement I provides for variable pricing determined by reference to the quoted LME price of primary aluminum. Mt. Holly also sells 10,200 metric tons per year of primary aluminum under the Glencore Metal Agreement II. More information on the Glencore Metal Agreement II is available under "Key Long-term Primary Aluminum Sales Contracts" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Alumina. Glencore supplies approximately 46% of our alumina requirements for Mt. Holly under a contract which expires January 31, 2008. As of January 1, 2007 under an agreement that extends through 2013, Trafigura AG provides us with 54% of Mt. Holly's alumina requirements for 2007 and will provide all of Mt. Holly's alumina requirements when our agreement with Glencore expires in 2008. The price for alumina under our contracts with Trafigura and Glencore are variable and based on the LME price for primary aluminum.

Power. Mt. Holly purchases all of its power requirements from the South Carolina Public Service Authority ("SCPSA") under a contract that runs through 2015. Power delivered through 2010 will be priced at rates fixed under currently published schedules, subject to adjustments to cover SCPSA's fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

Employees. The employees at Mt. Holly are employed by ALCOA and are not unionized.

Joint Venture Facilities

On October 1, 2004, Century and Xstrata (as successor by merger with Falconbridge Limited), through joint venture companies, acquired equal interests in an alumina refinery in Gramercy, Louisiana and related bauxite

mining assets in Jamaica (collectively, the "Gramercy assets") from Kaiser Aluminum & Chemical Company ("Kaiser"). Glencore, our largest shareholder, is a major shareholder in Xstrata.

Gramercy Alumina LLC

The alumina refinery in Gramercy, owned by GAL, began operations in 1959 and consists of a production facility, a powerhouse for steam and electricity production, a deep water dock and a barge loading facility. Extensive portions of the Gramercy plant were rebuilt and modernized between 2000 and 2002, including a double digestion system.

Alumina Operations. The Gramercy plant has an annual rated capacity rate of 1.2 million metric tons of alumina per year. Gramercy's production consists of approximately 80% smelter grade alumina and 20% alumina hydrate or chemical grade alumina. GAL sells approximately 50% of its smelter grade alumina to Hawesville at prices based on Gramercy's production costs under an alumina supply contract due to expire on December 31, 2010. All of the chemical grade alumina production is currently sold under existing short-term and long-term contracts with approximately 20 third party purchasers.

We expect production at the Gramercy plant to remain at or near capacity for the foreseeable future.

Supply Agreements. Bauxite is the principal raw material used in the production of alumina, and natural gas is the principal energy source. The Gramercy plant purchases all of its bauxite requirements from SABL under a contract that expires at the end of 2010. The Gramercy plant purchases its natural gas requirements at market prices under short-term agreements with local suppliers.

St. Ann Bauxite Limited

SABL, which owns the bauxite mining operations, is jointly owned by Century and Xstrata. The bauxite mining operations are comprised of: (i) a concession from the Government of Jamaica ("GOJ") to mine bauxite in Jamaica (the "mining rights,") and (ii) a 49% interest in a Jamaican partnership that owns certain mining assets in Jamaica (the "mining assets.") The GOJ owns the remaining 51% interest in the partnership. The mining assets consist primarily of rail facilities, other mobile equipment, dryers, and loading and dock facilities.

Bauxite Mining Rights. Under the terms of the mining rights, SABL manages the operations of the partnership, pays operating costs and is entitled to all of its bauxite production. The GOJ receives: (i) a royalty based on the amount of bauxite mined, (ii) an annual "asset usage fee" for the use of the GOJ's 51% interest in the mining assets and (iii) certain fees for lands owned by the GOJ that are covered by the mining rights. SABL also pays to the GOJ customary income taxes and certain other fees pursuant to an agreement with the GOJ that establishes a fiscal regime for SABL. A production levy normally applicable to bauxite mined in Jamaica has been waived for SABL through December 2007. If the levy is subsequently assessed on bauxite produced by SABL, the Establishment Agreement provides that certain payments to the GOJ will be reduced and SABL and the GOJ will negotiate amendments to SABL's fiscal regime in order to mitigate the effects of the levy.

Under the terms of the mining rights, SABL mines the land covered by the mining rights and the GOJ retains surface rights and ownership of the land. The GOJ granted the mining rights and entered into other agreements with SABL for the purpose of ensuring the St. Ann facility is able to provide the Gramercy plant with sufficient reserves to meet its annual alumina requirements and existing or contemplated future obligations under third party contracts.

Under the mining rights, GOJ has granted SABL rights to mine 4.5 million dry metric tons of bauxite on specified lands annually through September 30, 2030. The GOJ will provide additional land if the land covered by the mining rights does not contain sufficient quantities of commercially exploitable bauxite. SABL is responsible for reclamation of the land that it mines. As of December 31, 2006, SABL's reclamation obligations amounted to approximately $8.5 million.

Customers. Approximately 50 percent of the bauxite from St. Ann is refined into alumina at the Gramercy refinery and the remainder is sold to a third party alumina refinery in Texas (Sherwin Alumina Company). SABL and GAL have a contract under which SABL will supply the Gramercy plant's bauxite requirements through December 2010. The price for bauxite under the contract is fixed through 2008.

SABL has various short-term agreements with third parties for the supply of fuel oil, diesel fuel, container leasing and other locally provided services.

Environmental Matters

We are subject to various environmental laws and regulations. We have spent, and expect to spend, significant amounts for compliance with those laws and regulations. In addition, some of our past manufacturing activities have resulted in environmental consequences which require remedial measures. Under certain environmental laws which may impose liability regardless of fault, we may be liable for the costs of remediation of contaminated property, including our current and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. We believe, based on currently available information, that our current environmental liabilities are not likely to have a material adverse effect on Century. However, we cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas. Such future requirements may result in unanticipated costs or liabilities which may have a material adverse effect on our financial condition, results of operations or liquidity. More information concerning our environmental contingencies can be found in Note 12 to the Consolidated Financial Statements included herein.

Intellectual Property

We own or have rights to use a number of patents or patent applications relating to various aspects of our operations. We do not consider our business to be materially dependent on any of these patents or patent applications.

Employees

We employ a work force of approximately 1,850, consisting of 1,530 hourly employees and 320 salaried employees.

Available Information

Additional information about Century may be obtained from our website, which is located at www.centuryaluminum.com. Our website provides access to filings we have made through the SEC's EDGAR filing system, including our annual, quarterly and current reports filed on Forms 10-K, 10-Q and 8-K, respectively, and ownership reports filed on Forms 3, 4 and 5 after December 16, 2002 by our directors, executive officers and beneficial owners of more than 10% of our outstanding common stock. These filings are also available on the SEC website at www.sec.gov. In addition, we will make available free of charge copies of our Forms 10-K, Forms 10-Q, and Forms 8-K upon request. Requests for these documents can be made by contacting our Investor Relations Department by mail at: 2511 Garden Road, Suite A200, Monterey, CA 93940, or phone at: (831) 642-9300. Information contained in our website is not incorporated by reference in, and should not be considered a part of, this Annual Report on Form 10-K.

Item 1A. ***Risk Factors***

The following describes certain of the risks and uncertainties we face that could cause our future results to differ materially from our current results and from those anticipated in our forward-looking statements. These risk factors should be considered together with the other risks and uncertainties described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere herein.

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows; our hedging transactions may limit our ability to benefit from increased prices.

Our operating results depend on the market for primary aluminum, which is a highly cyclical commodity with prices that are affected by global demand and supply conditions and other conditions. Historically, aluminum prices have been volatile and we expect there to be volatility in the future. Although we use contractual arrangements to manage our exposure to fluctuations in the commodity price, a decline in primary aluminum prices will reduce our earnings and cash flows. Any significant downturn in prices for primary aluminum will significantly reduce the amount of cash available to meet our current obligations and fund our long-term business strategies and may force the curtailment of all or a portion of our operations at one or more of our smelters.

Conversely, as prices for aluminum increase, certain of our hedging transactions, including our forward sales of primary aluminum and our LME-based alumina and power contracts, limit our ability to take advantage of the

increased prices. More information about Century's market risks is available in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk."

We reduce our casting and shipping costs by selling molten aluminum to the major customers of our Ravenswood and Hawesville facilities; the loss of one of these major customers would increase our production costs at those facilities.

Approximately 53% of our consolidated net sales for 2006 were derived from sales to Alcan and Southwire. Alcan's facility is located adjacent to Ravenswood and Southwire's facility is located adjacent to Hawesville. Due to this proximity, we are able to deliver molten aluminum to these customers, thereby eliminating our casting and shipping costs and our customers' remelting costs. Century has contracts with Alcan and Southwire which are due to expire in July 2007 and March 2011, respectively. Southwire has the right to reduce purchases under its contract by 20% beginning in 2010. We may be unable to extend or replace these contracts when they terminate. If we are unable to renew these contracts when they expire, or if either customer significantly reduces its purchases under those contracts, we will incur higher casting and shipping costs.

A material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk.

We benefit from our relationship with Glencore, our largest shareholder. We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk, which could impact our results of operations.

Losses caused by disruptions in the supply of power would reduce the profitability of our operations.

We use large amounts of electricity to produce primary aluminum. Any loss of power which reduces the amperage to our equipment or causes an equipment shutdown will result in a reduction in the volume of molten aluminum produced and may result in the hardening or "freezing" of molten aluminum in the pots where it is produced. Interruptions in the supply of electrical power to our facilities can be caused by a number of circumstances, including unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. If such a condition were to occur, we may lose production for a prolonged period of time and incur significant losses. Although we maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, we may be required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand. Certain losses or prolonged interruptions in our operations may trigger a default under our revolving credit facility.

The cost of alumina used at Hawesville may be higher than under our LME-based alumina contracts.

We acquire alumina used at our Ravenswood and Mt. Holly facilities at prices based on the LME price for primary aluminum. The Gramercy refinery that Century and Xstrata acquired from Kaiser supplies all of the alumina used at Hawesville at prices based on the Gramercy refinery's production costs. Those production costs could be materially higher than the price paid under LME-based contracts during periods when aluminum prices are low and raw material costs used in the production of alumina, such as natural gas, are high.

Changes or disruptions to our current alumina supply arrangements and other raw materials could increase our raw material costs.

We depend on a limited number of suppliers for alumina, the principal raw material used to produce primary aluminum. Supply of alumina has been constrained over the past three years, and the construction of new production facilities requires substantial lead time. Disruptions to our supply of alumina could occur for a variety of reasons, including disruptions of production at a particular supplier's alumina refinery. These disruptions may require Century to purchase alumina on the spot market on less favorable terms than under our current agreements.

Gramercy supplies substantially all the alumina used at Hawesville. Our joint venture bauxite mining operations in St. Ann, Jamaica supplies all of the bauxite used in the production of alumina at the Gramercy alumina refinery. If there is a significant disruption of bauxite shipments in the future, the joint venture could incur additional costs if it is required to use bauxite from other sources.

Our business depends upon the adequate supply of other raw materials, including caustic soda, aluminum fluoride and calcined petroleum coke, pitch, and cathodes, at competitive prices. Although worldwide there remain multiple sources for these raw materials, consolidation among certain North American suppliers has reduced the number of available suppliers in this industry. A disruption in our raw materials supply from our existing suppliers due to a labor dispute, shortage of their raw materials or other unforeseen factors may adversely affect our operating results if we are unable to secure alternate supplies of these materials at reasonable prices.

Changes in the relative cost and availability of certain raw materials and energy compared to the price of primary aluminum could affect our operating results.

Our operating results vary significantly with changes in the price of primary aluminum and the raw materials used in its production, including alumina, caustic soda, aluminum fluoride and calcined petroleum coke, pitch, and cathodes. Because we sell our products based on the LME price for primary aluminum, we can not pass on increased costs to our customers. Although we attempt to mitigate the effects of price fluctuations for raw materials through the use of various fixed-price commitments and financial instruments, these efforts also limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. In addition, because we have sold forward a certain amount of our production capacity in future years, rising raw material and energy prices would negatively impact our earnings and cash flow, all other things being equal. See "Item 7A – Quantitative and Qualitative Disclosures About Market Risk."

Electricity represents our single largest operating cost. As a result, the availability of electricity at economic prices is critical to the profitability of our operations. While we purchase virtually all of our electricity for our existing U.S. facilities under fixed-price contracts through 2007, portions of the contracted cost of the electricity supplied to Mt. Holly vary with the supplier's fuel costs. An increase in these fuel costs would increase the price this facility pays for electricity. Hawesville has unpriced power requirements of approximately 27% of its power requirements from 2008 through 2010.The profitability of our Hawesville operations could be adversely affected if we are unable to obtain power for the unpriced portions of Hawesville's power requirements at economic rates. In addition, we may be forced to curtail or idle a portion of our production capacity, which would lower our revenues and adversely affect the profitability of our operations.

Unexpected events, including natural disasters, may increase our cost of doing business or disrupt our operations.

Unexpected events, including fires or explosions at our facilities, natural disasters, such as hurricanes, unplanned power outages, supply disruptions, or equipment failures, may increase our cost of doing business or otherwise disrupt our operations.

We are subject to the risk of union disputes.

The bargaining unit employees at our Ravenswood and Hawesville facilities and at the Gramercy refinery are represented by the United Steel Workers of America. Century's labor contracts at Hawesville, Ravenswood and Gramercy expire in March 2010, May 2009, and September 2010, respectively. In addition, our contract with Nordural's employees expires in 2009. If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As a result of a threatened strike in July 2006, we commenced an orderly shut down of one of the four potlines at the Ravenswood facility. Although the notice to strike was rescinded after we reached agreement with the USWA on a new labor contract, our production at the Ravenswood facility was curtailed while we restarted the potline. Any threatened or actual work stoppage in the future could prevent or significantly impair our ability to conduct production operations at our unionized facilities, which could have a material adverse affect on our financial results.

We are subject to a variety of environmental laws that could result in costs or liabilities.

We are obligated to comply with various federal, state and other environmental laws and regulations, including the environmental laws and regulations of Iceland, the European Economic Area and Jamaica. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental

laws and regulations. In addition, we are currently and may in the future be responsible for the cleanup of contamination at some of our current and former manufacturing facilities or for the amelioration of damage to natural resources. For example, we, along with others, including former owners of our former St. Croix facility, have been sued for alleged natural resources damages at the facility. In addition, in December 2006, we and the company that purchased the assets of our St. Croix facility in 1995 were sued by the Commissioner of the Department of Planning and Natural Resources alleging our failure to take certain actions specified in a Coastal Zone management permit issued to Vialco in October 1994. Although our known liabilities with respect to these and other matters relating to compliance and cleanup, based on current information, are not expected to be material, if more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may be material and could affect our liquidity and our operating results. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire in the future. In addition, overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than current or projected expenditures and costs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Environmental Expenditures and Other Contingencies" and Note 12 to our consolidated financial statements for additional information regarding our environmental matters and associated costs and risks.

Acquisitions may present difficulties.

We have a history of making strategic acquisitions and we expect to make strategic acquisitions in the future. We are subject to numerous risks as a result of our acquisitions, including the following:

- it may be challenging for us to manage our existing business as we integrate acquired operations;
- we may not achieve the anticipated benefits from our acquisitions; and
- management of acquisitions will require continued development of financial controls and information systems, which may prove to be expensive, time-consuming, and difficult to maintain.

Accordingly, our recent or future acquisitions might not ultimately improve our competitive position and business prospects as anticipated.

Operating in foreign countries exposes us to political, regulatory, currency and other related risks.

Nordural is our first facility located outside of the United States and following completion of the ongoing expansion, it will represent approximately 33% of our overall primary aluminum production capacity. The bauxite operations related to the Gramercy plant are located in Jamaica. . In February 2007, we signed a memorandum of understanding ("MOU") with the Republic of the Congo ("ROC") for the exclusive right to develop an aluminum business in the ROC consisting of an aluminum smelter, an alumina refinery and a bauxite mine. We may in the future consider other investments in foreign countries. International operations may expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased cost to adapt our systems and practices to those used in foreign countries, export duties, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws. In addition, we may be exposed to fluctuations in currency exchange rates and, as a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. For example, Nordural's revenues are denominated in U.S. dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. In addition, a majority of our costs in connection with the ongoing expansion of the Nordural facility are denominated in currencies other than the U.S. dollar.

Our historical financial information may not be comparable to our results for future periods.

Our historical financial information is not necessarily indicative of our future results of operations, financial position and cash flows. For example, our historical financial data does not reflect the effects of:

- the 130,000 mtpy expansion capacity of Nordural that was completed in the fourth quarter of 2006;
- our acquisition of Nordural prior to April 27, 2004; and
- the equity in the earnings of our joint ventures prior to October 1, 2004.

Our high level of indebtedness requires significant cash flow to meet our debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits our ability to pursue our growth strategy.

We are highly leveraged. We have an aggregate of approximately $772.3 million of outstanding indebtedness as of December 31, 2006. In addition, we could borrow additional amounts under our $100.0 million credit facility and Nordural has access to an additional $34.0 million under its $365.0 million term loan facility. The level of our indebtedness could have important consequences, including:

- limiting cash flow available for capital expenditures, acquisitions, dividends, working capital and other general corporate purposes because a substantial portion of our cash flow from operations must be dedicated to servicing our debt;
- increasing our vulnerability to adverse economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate;
- placing us at a disadvantage compared to our competitors who may have less debt and greater financing flexibility than we do; and
- limiting our ability to borrow additional funds, which may prevent us from pursuing favorable acquisition opportunities when they arise.

In addition to our indebtedness, we have liabilities and other obligations which could reduce cash available for other purposes and limit our ability to pursue our growth strategy. We will need a significant amount of cash to service our debt. In addition, we will be required to settle in cash up to the principal amount of our convertible notes (which are convertible by the holder at any time) upon conversion, which could increase our debt service obligations. More information about our liquidity and debt service obligations is available at "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

We are also exposed to risks of interest rate increases. We had approximately $340.6 million of debt with variable interest rates at December 31, 2006, of which, $331.0 million are borrowings under Nordural's $365.0 million senior term loan facility. Nordural's annual debt service requirements will vary, as amounts outstanding under its term loan facility bear interest at a variable rate.

Our ability to pay interest and to repay or refinance our indebtedness, including Nordural's senior term loan facility, our senior unsecured notes and convertible notes, and to satisfy other commitments, including funding the ongoing Nordural expansion, will depend upon our future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors, including market prices for primary aluminum, that are beyond our control. Accordingly, there is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay debt service obligations, including the notes, or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our indebtedness or seek additional equity capital. There can be no assurance that we will be able to accomplish those actions on satisfactory terms.

Restrictive covenants in our credit facility and the indenture governing our senior notes limit our ability to incur additional debt and pursue our growth strategy.

Our revolving credit facility and the indenture governing our senior unsecured notes each contain various covenants that restrict the way we conduct our business and limit our ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, which may impair our ability to pursue our growth strategy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – "Liquidity and Capital Resources – Debt Service." Any failure to comply with those covenants may constitute a breach under the revolving credit facility or the indenture governing the notes, which may result in the acceleration of all or a

substantial portion of our outstanding indebtedness and termination of commitments under our revolving credit facility. If our indebtedness is accelerated, we may be unable to repay the required amounts and our secured lenders could foreclose on any collateral securing our secured debt.

Substantially all of Nordural's assets are pledged as security under its term loan facility. In addition, the shares of Nordural have been pledged to the lenders as collateral. If Nordural is unable to comply with the covenants in its term loan, the lenders would be able to cancel commitments under this facility, cause all or part of the amounts outstanding under the loan facility to be immediately due and payable and foreclose on any collateral securing the loan facility. The term loan facility also contains restrictions on Nordural's ability to pay dividends, including a requirement that Nordural make a repayment of principal in an amount equal to 50% of any dividend paid to shareholders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – "Liquidity and Capital Resources." Based on Nordural's needs for cash to finance its expansion and operations, we do not currently anticipate that Nordural will distribute any cash in the foreseeable future.

Further metals industry consolidation could provide competitive advantages to our competitors.

The metals industry has experienced consolidation over the past several years and there may be more consolidation transactions in the future. Consolidation by our competitors may enhance their capacity and their access to resources, lower their cost structure and put us at a competitive disadvantage. Continued consolidation may limit our ability to implement our strategic objectives effectively. We cannot reliably predict the impact on us of further consolidation in the aluminum industry.

We depend upon dividends from our subsidiaries to meet our debt service obligations.

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of dividends from our subsidiaries. Nordural's senior term loan facility places significant limitations on Nordural's ability to pay dividends. Subject to the restrictions contained in our revolving credit facility and the indentures governing our senior and convertible notes, future borrowings by our subsidiaries could contain restrictions or prohibitions on the payment of dividends by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock.

The price of our common stock may fluctuate significantly.

The market price of our common stock has experienced significant volatility from time to time, and this volatility may continue in the future. From January 1, 2006, through February 28, 2007, the intra-day sales price of our common stock on NASDAQ ranged from $26.14 to $56.57 per share. In addition, the securities markets have experienced significant price and volume fluctuations. The market price for our common stock may be affected by a number of factors, including actual or anticipated variations in our quarterly results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, changes in research coverage by securities analysts, any announcement by us of significant acquisitions, strategic partnerships, joint ventures or capital commitments, developments in the aluminum industry and sales of substantial numbers of shares by current holders of our common stock in the public market. In addition, general economic, political and market conditions and other factors unrelated to our operating performance may cause the market price of our common stock to be volatile.

Provisions in our charter documents and state law may make it difficult for others to obtain control of Century Aluminum, even though some stockholders may consider it to be beneficial.

Certain provisions of our restated certificate of incorporation and amended and restated bylaws, as well as provisions of the Delaware General Corporation Law, may have the effect of delaying, deferring or preventing a change of control of Century, including transactions in which our stockholders might otherwise have received a substantial premium for their shares over then current market prices. For example, these provisions:

- give authority to our board of directors to issue preferred stock and to determine the price, rights, preferences, privileges and restrictions of those shares without any stockholder vote;
- provide, under our charter documents, for a board of directors consisting of three classes, each of which serves for a different three-year term;

- require stockholders to give advance notice prior to submitting proposals for consideration at stockholders' meetings or to nominate persons for election as directors; and
- restrict, under our charter documents, certain business combinations between us and any person who beneficially owns 10% or more of our outstanding voting stock.

In addition, several of our officers have entered into employment and severance compensation agreements that provide for cash payments, immediate vesting of stock options and performance shares and acceleration of other benefits under certain circumstances, including a change in control of Century. Our 1996 Stock Incentive Plan, as amended, also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change of control, and our Non-Employee Directors' Stock Option Plan provides for acceleration of an option holder's ability to exercise stock options upon a change of control.

This list of important risk factors is not all-inclusive or necessarily in order of importance.

Item 1B. ***Unresolved Staff Comments***

We have no unresolved comments with the Securities and Exchange Commission.

Item 2. ***Properties***

We own the property on which our Hawesville and Ravenswood facilities are located. The 220 acres upon which the Nordural facility is situated is leased from the Government of Iceland under a long-term lease that runs through 2020, renewable at our option. In addition, substantially all of Nordural's assets (including, but not limited to, all of Nordural's property, plant and equipment related to the smelter and the harbor area) are pledged as security for Nordural's obligations under its term loan facility. Our corporate offices are subject to an operating lease that expires in June 2010. We holds a 49.7% interest in a partnership which operates a primary aluminum reduction facility in Mt. Holly, South Carolina ("Mt. Holly") and a 49.7% undivided interest in the property that the Mt. Holly facility is located. The remaining interest in the undivided property at Mt. Holly is owned by Alumax of South Carolina, Inc., a subsidiary of ALCOA.

All of our facilities are operating at or near their productive capacity. We believe all of our facilities are suitable and adequate for our current operations. Additional information about the age, location, and productive capacity of our facilities is available in the "Overview" section of Item 1, "Business."

Item 3. ***Legal Proceedings***

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes the ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity. For a description of certain environmental matters involving Century, see Note 12 to the Consolidated Financial Statements included herein.

Item 4. ***Submission of Matters to a Vote of Security Holders***

No matters were submitted to a vote of our security holders during the fourth quarter of 2006.

Our Executive Officers

Executive officers are appointed by and serve at the discretion of the Board of Directors. The following table details certain information about our executive officers as of February 28, 2007.

Name	Age	Position and Duration
Logan W. Kruger	56	President and Chief Executive Officer since December 2005.
Michael A. Bless	41	Executive Vice President and Chief Financial Officer since January 2006.
E. Jack Gates (1)	65	Executive Vice President and Chief Operating Officer since April 2003; Vice President, Reduction Operations from December 2000 to March 2003.
Robert R. Nielsen	62	Executive Vice President, General Counsel and Secretary since May 2006.
Steve Schneider	51	Senior Vice President, Chief Accounting Officer and Controller since June 2006, Vice President and Corporate Controller since April 2002; Corporate Controller for more than five years.
Giulio Casello	47	Vice President of Bauxite and Alumina Operations since December 2005.
Peter C. McGuire	59	Vice President and Associate General Counsel since April 2002; Associate General Counsel for more than five years.
Michelle M. Lair	31	Treasurer since June 2006, Assistant Treasurer since November 2005; Corporate Financial Analyst for more than five years.

(1) On February 28, 2007, we announced that Wayne R. Hale had been appointed to succeed E. Jack Gates as Executive Vice President and Chief Operating Officer, effective March 1, 2007. Mr. Gates will continue as an employee of the Company through June 30, 2007 and will then serve as a consultant through December 31, 2007.

Prior to joining Century, Mr. Kruger served as President, Asia/Pacific for Inco Limited, from September 2005 to November 2005; Executive Vice-President, Technical Services from September 2003 to September 2005; Chief Executive Officer of Anglo American Chile Ltd., from July 2002 through September 2003; and President and Chief Executive Officer, Hudson Bay Mining and Smelting Co., Limited, from September 1996 until June 2002.

Prior to joining Century, Mr. Nielsen served as Executive Vice President, General Counsel and Secretary for Tanimura and Antle, Inc. from July 2005 to April 2006, and Vice President, General Counsel and Secretary from March 1993 to June 2005.

Prior to joining Century, Mr. Bless served as managing director of M. Safra & Co., Inc., from February 2005 to January 2006 and Executive Vice President and Chief Financial Officer of Maxtor Corporation from August 2004 to October 2004. From August 1997 through January 2004, Mr. Bless served in a number of senior executive positions with Rockwell Automation, Inc. (formerly known as Rockwell International Corporation), a leading industrial automation hardware, software and services company, including as Senior Vice President and Chief Financial Officer from June 2001 to January 2004.

Mr. Giulio Casello has served as Vice President of Bauxite and Alumina Operations since December 2005. Mr. Casello served as Vice President of Century Alumina, Inc. from September 2005 to December 2005. Prior to joining Century, Mr. Casello served in a number of senior positions with ALCOA World Alumina Australia from 1986 to 2005, including as Director of Western Australian Operations from January 2003 to September 2005; General Manager of ALCOA World Chemicals from April 2001 to December 2002; and Kwinana Alumina Refinery Location Manager from April 1999 to April 2001.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information

Our common stock trades on the NASDAQ National Market tier of the NASDAQ Stock Market under the symbol: CENX. The following table sets forth, on a quarterly basis, the high and low sales prices of the common stock during the two most recent fiscal years. Our common stock reached a record intra-day high of $56.57 on May 11, 2006 and closed at $45.53 on February 28, 2007.

Year	2006		2005	
	High sales price	Low sales price	High sales price	Low sales price
First quarter	$44.50	$26.14	$34.70	$23.69
Second quarter	$56.57	$31.28	$32.18	$20.16
Third quarter	$39.16	$29.60	$27.60	$20.00
Fourth quarter	$47.34	$30.31	$26.79	$17.82

Holders

As of January 31, 2007, there were 14 holders of record, which does not include the number of beneficial owners whose common stock was held in street name.

Dividend Information

We did not declare dividends in 2006 or 2005 on our common stock. We do not anticipate paying cash dividends in the foreseeable future.

Our revolving credit facility and the indenture governing our senior notes contain restrictions which limit our ability to pay dividends. Nordural's term loan facility contains restrictions on Nordural's ability to pay dividends. Additional information about the terms of our long-term borrowing agreements is available at Note 5 to the Consolidated Financial Statements included herein.

Item 6. *Selected Consolidated Financial Data*

The following table presents selected consolidated financial data for each of the last five fiscal years. The selected consolidated historical balance sheet data as of each of the years ended December 31, 2006 and 2005 and the selected consolidated statement of operations data for each of the years ended December 31, 2006, 2005, and 2004 is derived from our consolidated financial statements audited by Deloitte & Touche LLP included herein. The selected consolidated historical balance sheet data as of each of the years ended December 31, 2004, 2003 and 2002 and the selected consolidated statement of operations data for each of the years ended December 31, 2003 and 2002 is derived from our consolidated financial statements audited by Deloitte & Touche LLP which are not included herein. Our selected historical results of operations include:

- the results of operations from the remaining 20% interest in Hawesville since we acquired it in April 2003;
- the results of operations from Nordural since we acquired it in April 2004;
- our equity in the earnings of our joint venture investments in Gramercy Alumina LLC and St. Ann Bauxite Ltd. since we acquired an interest in those companies in October 2004; and
- the results of operations from our 130,000 mtpy expansion of Nordural became fully operational in the fourth quarter of 2006.

Our results for these periods and prior periods are not fully comparable to our results of operations for fiscal year 2006 and may not be indicative of our future financial position or results of operations. The information set forth below should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" and notes thereto.

	Year Ended December 31,				
	2006 (1)	2005 (2)	2004 (3)	2003 (4)	2002
	(in thousands, except per share data)				
Net sales revenue	$1,558,566	$1,132,362	$1,060,747	$ 782,479	$ 711,338
Gross profit	348,522	161,677	185,287	43,370	20,360
Operating income	309,159	126,904	160,371	22,537	4,577
Income (loss) before cumulative effect of change in accounting principle	(40,955)	(116,255)	33,482	3,922	(18,443)
Net income (loss)	(40,955)	(116,255)	33,482	(1,956)	(18,443)
Earnings (loss) per share:					
Basic and Diluted:					
Income (loss) before cumulative effect of change in accounting principle	$ (1.26)	$ (3.62)	$ 1.14	$ 0.09	$ (0.99)
Cumulative effect of change in accounting principle	—	—	—	(0.28)	—
Net income (loss) per share	$ (1.26)	$ (3.62)	$ 1.14	$ (0.19)	$ (0.99)
Dividends per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.15
Total assets	$2,185,234	$1,677,431	$1,332,553	$ 804,242	$ 763,751
Total debt (5)	772,251	671,901	524,108	344,125	329,667
Long-term debt obligations (6)	559,331	488,505	330,711	336,310	321,852
Other information:					
Shipments – Primary aluminum:					
Direct shipment pounds (000)	1,152,617	1,153,731	1,179,824	1,126,542	1,049,295
Toll shipment pounds (000) (7)	346,390	203,966	138,239	—	—
Average LME per pound	$ 1.166	$ 0.861	$ 0.778	$ 0.649	$ 0.612
Average Midwest premium per pound	$ 0.055	$ 0.056	$ 0.068	$ 0.037	$ 0.041
Average realized price per pound:					
Direct shipments	$ 1.09	$ 0.86	$ 0.83	$ 0.69	$ 0.68
Toll shipments	$ 0.88	$ 0.67	$ 0.62	—	—

(1) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $241.7 million, or $7.19 per diluted share for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting and by a gain on the sale of surplus land.

(2) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $198.2 million, or $6.17 per diluted share for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(3) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $30.4 million, or $1.06 per diluted share for a loss on early extinguishment of debt, see Note 5 in the Consolidated Financial Statements included herein.

(footnotes continued on following page)

(footnotes continued from previous page)

(4) We adopted Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations" on January 1, 2003. As a result, we recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle.

(5) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, including, current portion of long-term debt, the industrial revenue bonds ("IRBs") and the 1.75% convertible senior notes, excluding any outstanding preferred stock.

(6) Long-term debt obligations are all payment obligations under long-term borrowing arrangements, excluding the current portion of long-term debt.

(7) Nordural completed a 130,000 mtpy capacity expansion in the fourth quarter of 2006.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion reflects our historical results of operations, which do not include results from:

- the 130,000 mtpy expansion capacity of Nordural that was completed in the fourth quarter of 2006;
- our ownership of Nordural until acquired in late April 2004, and;
- our ownership interest in the Gramercy assets until acquired in October 2004.

Accordingly, the results for fiscal years 2004 and 2005 are not fully comparable to the results of operations for fiscal year 2006. Our historical results are not indicative of our current business. You should read the following discussion in conjunction with our consolidated financial statements included herein.

Overview

We produce primary aluminum. The aluminum industry is cyclical and the price of primary aluminum (which trades as a commodity) is determined by global supply and demand. The key determinants of our results of operations and cash flow from operations are as follows:

- Our selling price is based on the LME and U.S. Midwest prices of primary aluminum and fixed price sales contracts.
- Our facilities operate at or near capacity, and fluctuations in volume, other than through acquisitions, generally are small.
- The principal components of cost of goods sold are alumina, electrical power, and labor, which in aggregate were in excess of 70% of the 2006 cost of goods sold. Many of these costs are covered by long-term contracts, as described below.

Shipment volumes, average realized price and cost of goods sold per pound shipped are our key performance indicators. Revenue can vary significantly from period to period due to fluctuations in the LME and Midwest price of primary aluminum. Any adverse changes in the conditions that affect shipment volumes or the market price of primary aluminum could have a material adverse effect on our results of operations and cash flows. Revenue is also impacted by our hedging activities. Fluctuations in working capital are influenced by shipments, the LME and Midwest price of primary aluminum and by the timing of cash receipts and disbursements from major customers and suppliers.

Cost of goods sold, excluding alumina and energy costs, is expected to remain relatively stable because our facilities generally operate near capacity and our major cost drivers are covered by long-term contracts. Fluctuations in the cost of alumina in our U.S. facilities are expected as the pricing in these contracts is variable and except for the Gramercy alumina contract, is based on LME prices. Power contracts for our U.S. facilities primarily provide for fixed priced power through 2009, subject to adjustments for fuel costs in Mt. Holly and possible adjustments in tariff rates in Ravenswood. Approximately 27% of Hawesville's power requirements (126 MW) are unpriced beginning in 2008 through 2010. We have negotiated short-term contracts to cover this requirement through 2007 at approximately market prices. We are currently reviewing our options for pricing the unpriced power in 2008 through 2010. We are working with Big Rivers Electric Corporation and Kenergy Corporation on a proposal that would restructure and extend Hawesville's existing power supply contract from 2008 through 2023. We expect

power rates for the unpriced power to be significantly higher than the rates paid under our current long-term power contracts. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in conjunction with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. Power contract pricing for Nordural is variable and based on LME prices.

In 2006, we entered into LME based, long-term alumina contracts for the supply of alumina to our Ravenswood and Mt. Holly facilities beginning in January 2007 and expiring at the end of 2009 and 2013, respectively. These contracts were negotiated during a period of tight supply in the alumina market and as a result, the LME pricing in our new alumina contracts will be higher than under the contracts they replaced. Labor agreements with the United Steelworkers of America at our Hawesville and Ravenswood facilities were ratified in 2006 and will expire in 2010 and 2009, respectively.

Through our ownership of Ravenswood, Hawesville and Nordural, and our ownership interest in Mt. Holly, we have an annual rated production capacity of approximately 745,000 metric tons of primary aluminum. Our annual production capacity should increase to 785,000 metric tons by the end of 2007 as a result of expansions at Nordural.

Recent Developments

Reservoir water levels on the Cumberland River may impact Hawesville's power costs

In February 2007, we were informed that the Corps of Engineers ("COE") is planning to lower water levels reservoirs on the Cumberland River for repair and maintenance. This will reduce electrical production from the dams of these reservoirs that were expected to provide a portion of the electrical power we purchase from Big Rivers Electrical Corp. for the use by our Hawesville facility during 2007.

Based on current expectations of reservoir levels, we expect any impact to be limited to the summer months, when usage rates on the Big Rivers system are at peak consumption. Based on our most recent information from the COE, we expect this to affect only approximately 1.5% of Hawesville's load requirements during this period. We are exploring alternative sources of energy during the summer period. We may have to pay a premium over and above our power contracts for this energy. Based on the current market for electrical power, we don't expect the premium to have a material adverse effect on our financial condition, results of operation or liquidity.

Republic of the Congo aluminum venture memorandum of understanding signed

In February 2007, we signed a memorandum of understanding ("MOU") with the Republic of the Congo ("ROC") for the exclusive right to develop an integrated aluminum business in the ROC consisting of an aluminum smelter, an alumina refinery and a bauxite mine. The MOU is subject to satisfaction of certain conditions and the project that it contemplates is in the early stages of feasibility study and review.

The ROC port area of Pointe Noire has been identified as a potential site for the aluminum smelter and alumina refinery. The location of the bauxite mine is dependent upon a future assessment and mapping of the ROC bauxite reserves. The MOU specifies that the Government of ROC will provide a minimum commitment of 500 MW of gas-generated electrical energy to the facility.

Anode Supplier declares Force Majeure

On February 16, 2007, the anode supplier for Nordural's 130,000 mtpy expansion, Alcan Trading Ltd, declared a Force Majeure due to delays in their raw material supply. The reduction in anode deliveries is not expected to have a significant impact on operations in the near term. However, a prolonged shortage could deplete Nordural's inventory which could significantly impact Nordural's future operations. Alcan Trading has informed us that they expect anode delivery schedules to return to normal in April 2007.

Helguvik Power memorandum of understanding signed

In June 2006, Nordural signed a MOU to purchase electrical energy with two major Icelandic geothermal power producers, Hitaveita Sudurnesja ("HS") and Orkuveita Reykjavikur ("OR"). Under the MOU, power will be supplied to the planned Helguvik facility in stages, beginning with an initial phase of up to 250 MW, which will support production capacity of up to 150,000 mtpy. HS will provide up to 150 MW in this initial stage, and OR will supply up to 100 MW. Electricity delivery for this first phase is targeted for 2010. The MOU provides for a total of 435 MW, which will ultimately provide power for a 250,000 mtpy facility. The MOU is subject to the satisfaction of certain conditions, including conditions relating to environmental licensing and the construction of the new facility. It is our intention to sign an electrical energy agreement in 2007.

Helguvik Harbor and Site agreements

In April 2006, in furtherance of a joint action plan to evaluate the possible construction of a new aluminum smelter in the vicinity of Helguvik, Iceland, approximately 30 miles from the city of Reykjavik, we signed a harbor and site agreement with the Reykjanesbaer Municipal Council, the Gardur Municipal Council and the Reykjanes Harbour Board.

Nordural Phase V Expansion Schedule Accelerated

In April 2006, we announced an acceleration in the further expansion of our Nordural facility from 220,000 mtpy to 260,000 mtpy. The construction of the expansion is expected to be completed in the fourth quarter of 2007. We had previously announced that OR had agreed to deliver the power for the additional expansion by late 2008. Landsvirkjun, Iceland's national power company, has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

Alumina Supply Contract with Glencore

In April 2006, Century entered into a three year supply contract with Glencore for the supply of alumina to our Ravenswood facility. Glencore will supply approximately 330,000 metric tons per year of alumina beginning January 1, 2007 through December 31, 2009. The contract pricing is variable, based on the LME price for primary aluminum.

Ravenswood Electrical Power Supply Agreements

Appalachian Power Company supplies all of Ravenswood's power requirements. Power delivered under the supply agreement is as set forth in published tariffs. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. After December 31, 2007, Ravenswood may terminate the agreement by providing 12 months notice of termination.

Labor Agreement with USWA at Hawesville Ratified

In May 2006, our Hawesville, Kentucky plant employees represented by the United Steelworkers of America ("USWA") ratified a four-year collective bargaining agreement that will extend through March 31, 2010. The agreement covers approximately 600 hourly workers at the Hawesville plant.

Labor Agreement with USWA at Ravenswood Ratified

On August 4, 2006, the membership of the USWA Local 5668 voted to ratify a three-year labor agreement covering the hourly workers at the Ravenswood facility.

Potline Shutdown and Restart at Ravenswood

On July 29, 2006, we received a 72-Hour Notice of Termination of Extension Agreement and Intent to Strike the Employer from the USWA, which represents the 580 hourly workers at the Ravenswood facility. Based on the USWA's notice to strike, we completed an orderly shut down of one of the four potlines at the Ravenswood facility. Following the ratification of the labor contract on August 4, 2006, we began the process of restarting the affected potline. As of December 31, 2006, Ravenswood reached full production on that line and in the plant.

As a result of the strike notice and subsequent potline shutdown at Ravenswood, on August 2, 2006, we delivered force majeure notices to Alcan and Glencore and, pursuant to these notices, reduced deliveries under the Alcan Metal Agreement and the Glencore Metal Agreement II. On November 2, 2006, we rescinded the force majeure notices and have resumed full deliveries under these contracts.

Joint Venture with Minmetals Aluminum Company

In May 2006, we entered into a joint venture agreement with Minmetals Aluminum Company to explore the potential of developing a bauxite mine and associated 1.5 million mtpy alumina refining facility in Jamaica.

The first stage of the project, a pre-feasibility stage, will assess the quality and quantity of bauxite reserves. This stage is expected to take up to 18 months. If this stage is successful, a full feasibility study would follow. The parties estimate that the mine and alumina refinery could be operational within three years following the completion of the full feasibility study.

Key Long-Term Contracts

Primary Aluminum Sales Contracts

We routinely enter into market priced contracts for the sale of primary aluminum. A summary of Century's long-term primary aluminum sales contracts is provided below.

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement.	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I (1). . . .	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II (2) . . .	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement.	Southwire	240 million pounds per year (high purity molten aluminum) (3)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum) (3)	Through December 31, 2010	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement (1)(4)	BHP Billiton	130,000 mtpy	Through December 2013	LME-based
Glencore Tolling Agreement (2)(3)(4) . . .	Glencore	90,000 mtpy	Through July 2016	LME-based

(footnotes continued on following page)

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(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tons to 130,000 metric tons of the annual production capacity at Nordural effective upon the completion of the expansion to 220,000 mtpy.

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of the expansion capacity at Nordural. Deliveries under this agreement started in July 2006.

(3) In December 2005, Glencore assigned to Hydro 50% of its tolling rights under this agreement for the period 2007 to 2010. Nordural consented to the assignment.

(4) Nordural's tolling revenues include a premium based on the European Union ("EU") import duty for primary aluminum. The European Commission has considered and is currently considering various proposals that would phase-out this import duty. While the import duty remains intact to date, any decrease in the EU import duty will negatively impact Nordural's revenue.

Key Long-Term Supply Agreements

Alumina Supply Agreements

A summary of our alumina supply agreements is provided below. Nordural toll converts alumina provided by BHP Billiton, Hydro and Glencore.

Facility	Supplier	Term	Pricing
Mt. Holly	Glencore	Through January 31, 2008 (46% of requirements)	Variable, LME-based
Mt. Holly (1)	Trafigura	January 1, 2007 through December 31, 2013	Variable, LME-based
Hawesville	Gramercy Alumina	Through December 31, 2010	Variable, Cost-based
Ravenswood	Glencore	January 1, 2007 through December 31, 2009	Variable, LME-based

(1) The alumina supply contract with Trafigura will provide Century with 125,000 metric tons in 2007 and 220,000 metric tons in 2008 through 2013.

Electrical Power Supply Agreements

We use significant amounts of electricity in the aluminum production process. A summary of these power supply agreements is provided below.

Facility	Supplier	Term	Pricing
Ravenswood (1)(2)	Appalachian Power Company	Through June 30, 2009	Based on published tariff, with provisions for pricing based on the LME price for primary aluminum
Mt. Holly	South Carolina Public Service Authority	Through December 31, 2015	Fixed price, with fuel cost adjustment clause through 2010; subject to a new fixed price schedule after 2010
Hawesville	Kenergy	Through December 31, 2010	Fixed price through 2010 (approximately 73% of Hawesville's requirement)
Nordural (3)	Landsvirkjun	Through 2019	Variable rate based on the LME price for primary aluminum
Nordural (4)	Hitaveita Suðurnesja	Through 2026-2028	Variable rate based on the LME price for primary aluminum
Nordural (4)	Orkuveita Reykjavíkur	Through 2026-2028	Variable rate based on the LME price for primary aluminum

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(1) Appalachian Power supplies all of Ravenswood's power requirements. After December 31, 2007, Ravenswood may terminate the agreement by providing 12 months notice of termination. Effective July 28, 2006, the Public Service Commission of the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels.

(2) This contract contains LME-based pricing provisions that are considered an embedded derivative. The embedded derivative does not qualify for cash flow hedge treatment and is marked to market quarterly. Gains and losses on the embedded derivative are included in the Net gain (loss) on forward contracts on the Consolidated Statement of Operations.

(3) In April 2006, we announced an expansion of the Nordural facility from 220,000 mtpy to 260,000 mtpy which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

(4) The power agreement for the power requirements for the expansion to 220,000 mtpy is through 2026. The term of the power agreement for the expansion to 260,000 mtpy is until 2028.

Labor Agreements

Our labor costs at Ravenswood and Hawesville are subject to the terms of labor contracts which generally have provisions for annual fixed increases in hourly wages and benefits adjustments. The five labor unions represented at Nordural operate under a labor contract that establishes wages and work rules for covered employees. The employees at Mt. Holly are employed by ALCOA and are not unionized. A summary of key labor agreements is provided below.

Facility	Organization	Term
Hawesville	USWA	Through March 31, 2010
Ravenswood	USWA	Through May 31, 2009
Nordural	Icelandic labor unions	Through December 31, 2009
Gramercy	USWA	Through September 30, 2010
St. Ann (1)	Jamaican labor unions	Through April 30, 2007

(1) St. Ann has two labor unions, the University and Allied Workers Union (the "UAWU") and the Union of Technical and Supervisory Personnel (the "UTASP"). The UAWU labor agreement will expire on April 30, 2007. On February 14, 2006, the UTASP agreed to a labor contract that will expire on December 31, 2007.

Application of Critical Accounting Policies

Our significant accounting policies are discussed in Note 1 of the Consolidated Financial Statements. The preparation of the financial statements requires that management make subjective estimates, assumptions and judgments in applying these accounting policies. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Critical accounting estimates require management to make assumptions about matters that are highly uncertain at the time of the estimate and a change in these estimates may have a material impact on the presentation of our financial position or results of operations. Significant judgments and estimates made by our management include expenses and liabilities related to pensions and other postemployment benefits and forward delivery contracts and financial instruments.

Pension and Other Postemployment Benefit Liabilities

We sponsor various pension plans and also participate in a union sponsored multi-employer pension plan for the collective bargaining unit employees at Hawesville. The liabilities and annual income or expense of our pension and other postemployment benefit plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate and the long-term rate of asset return.

In developing our expected long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our pension investments will generate long-term rates of return of 9.0%. Our expected long-term rate of return is based on an assumed asset allocation of 65% equity funds and 35% fixed-income funds.

Discount Rate Selection

It is our policy to select a discount rate for purposes of measuring obligations under the pension and retiree medical plans by matching cash flows separately for each plan to yields on zero coupon bonds. We use the Citigroup Pension Liability Index for determining these yields.

The Citigroup Pension Liability Index was specifically developed to meet the criteria set forth in paragraph 186 of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." The published information at the end of each calendar month includes spot rate yields (zero coupon bond yield estimates) in half year increments for use in tailoring a discount rate to a particular plan's projected benefit cash flows. The Citigroup Pension Liability Index rate represents the discount rate developed from these spot rate yields, based on the pattern and duration of the benefit payments of a typical, large, somewhat mature pension plan.

The individual characteristics of each plan, including projected cash flow patterns and payment durations, have been taken into account, since discount rates are determined on a plan-by-plan basis. We will generally select a discount rate rounded to the nearest 0.25%, unless specific circumstances provide for a more appropriate non-rounded rate to be used. We believe the projected cash flows used to determine the Citigroup Pension Liability Index rate provide a good approximation of the timing and amounts of our defined benefits payments under our plans and no adjustment to the Citigroup Pension Liability Index rate has been made.

Therefore, as of December 31, 2006, Century selected a discount rate of 5.75% for all of the pension and post-employment benefit plans and 5.25% for our worker's compensation plans.

Although the duration of the Supplemental Executive Retirement Benefits ("SERB") Plan is slightly shorter than our other pension plans, Century Aluminum will also use a 5.75% discount rate for this plan, because we do not believe that the difference in duration is significant, and because the obligations of the SERB are small in comparison to the other plans, we believe that the disclosure of a single rate that was used for the majority of the obligations will enhance the reader's understanding of the employee benefit footnote, rather than a weighted average rate that may complicate any determinations the reader may have.

Lowering the expected long-term rate of return by 0.5% (from 9.0% to 8.5%) would have increased our pension expense for the year ended December 31, 2006 by approximately $0.3 million. Lowering the discount rate assumptions by 0.5% would have increased our pension expense for the year ended December 31, 2006 by approximately $0.4 million.

Century provides postemployment benefit plans that provide health care and life insurance benefits for substantially all retired employees of our U.S. based operations. SFAS No. 106 requires the accrual of the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

Measurement of our postretirement benefit obligations requires the use of several assumptions about factors that will affect the amount and timing of future benefit payments. The assumed health care cost trend rates are the most critical assumptions for measurement of the postretirement benefits obligation. Changes in the health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations.

Century assumes medical inflation is initially 10%, declining to 5% over six years and thereafter. A one-percentage-point change in the assumed health care cost trend rates would have the following effects in 2007:

	One Percentage Point Increase	One Percentage Point Decrease
	(in thousands)	
Effect on total of service and interest cost components	$ 3,786	$ (2,808)
Effect on accumulated postretirement benefit obligation	$ 38,024	$(30,417)

Forward Delivery Contracts and Financial Instruments

Estimating the fair value of certain of our forward financial and physical delivery contracts requires us to make assumptions about future market prices of primary aluminum and the U.S. Midwest premium. We routinely enter into market priced physical and fixed-priced financial contracts for the sale of primary aluminum and the purchase of raw materials in future periods. We apply the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended," in accounting for these types of contracts. We have fixed price financial contracts for the sale of primary aluminum with settlement dates through 2015, but the LME futures quotes run through 2012. Determining the fair value of these forward contracts requires us to make certain assumptions about future market prices of primary aluminum beyond the quoted future market prices in 2012. In addition, our Glencore Metal Agreement II forward physical sales contract is accounted for as derivative and contains pricing provisions based on the U.S. Midwest market price of primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for us to estimate the U.S. Midwest premium for future periods. For those physical delivery contracts which management believes are probable of future delivery, such contracts are classified as normal purchases and normal sales and are not accounted for as derivatives.

The aluminum-based financial and physical delivery contracts that are derivatives and do not qualify for the normal purchases and normal sales exception, as provided for in current accounting standards, are marked-to-market using the LME spot and forward market for primary aluminum. For derivative contracts extending beyond the quoted LME market periods, we estimate the forward LME market price beyond the quoted periods based upon market price trends in the final months of the quoted LME market. We estimate the U.S. Midwest premium by using third party expectations for future U.S. Midwest premiums, when available. Third-party estimates rarely extend beyond 24 months. For periods beyond the third-party information, we estimate the U.S. Midwest premium by using its 10-year rolling average. Fluctuations in the LME price of primary aluminum and U.S. Midwest premium have a significant impact on gains and losses included in our financial statements from period to period. Unrealized gains and losses are either included in Other comprehensive income (loss) (for cash flow hedges) or Net gain (loss) on forward contracts (for derivative instruments), depending on criteria as provided for in the accounting standards.

The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have an impact on Other comprehensive income in our financial statements from period to period. We have designated these forward contracts as cash flow hedges for forecasted natural gas transactions in accordance with the provisions of SFAS No. 133 (as amended). We assess the effectiveness of these cash flow hedges quarterly. The effective portion of the gains and losses are recorded in Other comprehensive income (loss) and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

The principal contracts affected by these standards and the resulting effects on the financial statements are described in Note 13 to the Consolidated Financial Statements included herein.

Results of Operations

The following table sets forth, for the years indicated, the percentage relationship to net sales of certain items included in our Statements of Operations. The following table includes the results from our purchase of Nordural since its acquisition in April 2004 and the results from our interest in the Gramercy assets since its acquisition in October 2004.

	Percentage of Net Sales		
	2006	2005	2004
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	(77.6)	(85.7)	(82.5)
Gross profit	22.4	14.3	17.5
Selling, general and administrative expenses	(2.5)	(3.1)	(2.4)
Operating income	19.9	11.2	15.1
Interest expense	(2.4)	(2.3)	(3.8)
Interest income	0.1	0.1	0.1
Loss on early extinguishment of debt	—	(0.1)	(4.5)
Other expense	0.4	—	(0.1)
Net loss on forward contracts	(25.0)	(27.2)	(2.0)
Income (loss) before income taxes and equity in earnings of joint ventures	(7.0)	(18.3)	4.8
Income tax benefit (expense)	3.3	7.1	(1.7)
Income (loss) before equity in earnings of joint ventures	(3.7)	(11.2)	3.1
Equity in earnings of joint ventures	1.1	0.9	0.1
Net income (loss)	(2.6)%	(10.3)%	3.2%

The following table sets forth, for the periods indicated, the shipment volumes and the average sales price per pound shipped:

	Primary Aluminum					
	Direct (1)			Toll (2)(3)		
	Metric Tons	Pounds (000)	$/Pound	Metric Tons	Pounds (000)	$/Pound
2006						
Fourth Quarter	131,041	288,895	$ 1.12	50,634	111,630	$ 0.90
Third Quarter	126,810	279,568	1.07	42,788	94,331	0.86
Second Quarter	132,590	292,311	1.12	39,125	86,255	0.90
First Quarter	132,378	291,843	1.03	24,573	54,174	0.83
Total	522,819	1,152,617	$ 1.09	157,120	346,390	$ 0.88
2005						
Fourth Quarter	132,712	292,581	$ 0.88	23,302	51,372	$ 0.69
Third Quarter	129,555	285,619	0.83	23,435	51,665	0.64
Second Quarter	130,974	288,748	0.86	23,025	50,761	0.67
First Quarter	130,083	286,783	0.88	22,756	50,168	0.67
Total	523,324	1,153,731	$ 0.86	92,518	203,966	$ 0.67
2004						
Fourth Quarter	133,940	295,287	$ 0.87	23,324	51,421	$ 0.64
Third Quarter	132,893	292,978	0.83	23,232	51,218	0.61
Second Quarter	133,726	294,816	0.82	16,148	35,600	0.60
First Quarter	134,601	296,743	0.78	—	—	—
Total	535,160	1,179,824	$ 0.83	62,704	138,239	$ 0.62

(1) Direct shipments do not include toll shipments from Nordural.

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(2) Nordural expansion capacity start-up began in February 2006. Full expansion production of 220,000 mtpy was reached in the fourth quarter of 2006.

(3) The table includes the results from our purchase of Nordural since its acquisition in April 2004.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Net sales: Net sales for the year ended December 31, 2006 increased $426.2 million or 38% to $1,558.6 million. Higher price realizations for primary aluminum in 2006, due to improved LME prices and Midwest premiums, contributed $331.5 million of the sales increase. This amount was partially offset by a $1.0 million decrease in direct shipment revenues. Direct shipments were 1.1 million pounds less than the previous year due to the potline shutdown at Ravenswood, offset by production increases at the other U.S. smelters. The additional revenue provided by the increase in Nordural tolling shipments for the year ended December 31, 2006 contributed $95.7 million to the 2006 net sales increase.

Gross profit: For the year ended December 31, 2006, gross profit increased $186.8 million to $348.5 million. Improved price realizations net of increased LME-based alumina costs improved gross profit by $213.6 million. Improved tolling fee realizations net of increased LME-based power costs improved gross profit by $48.2 million. Increased shipment volume, the result of the Nordural expansion, contributed $33.3 million in additional gross profit. Offsetting these gains were $108.3 million in net cost increases comprised of: higher power and natural gas costs, $41.2 million; higher raw materials, supplies and maintenance costs, $26.3 million; increased cost for Gramercy alumina, $12.3 million; restart and increased average costs due to the temporary potline shutdown at Ravenswood, $7.3 million; increased net amortization and depreciation charges, $12.7 million; increased pension and other postemployment benefit accruals, $4.6 million, and other increased spending, $3.9 million.

Selling, general and administrative expenses: Selling, general and administrative expenses for the year ended December 31, 2006 increased $4.6 million to $39.4 million relative to the same period in 2005. The increase is primarily due to the adoption of SFAS No. 123(R), "Share-Based Payments."

Interest expense, net: Interest expense for the year ended December 31, 2006 increased $11.0 million to $35.3 million. The increase in interest expense is due to higher Nordural debt loan balances.

Net gain/loss on forward contracts: For the year ended December 31, 2006, net loss on forward contracts was $389.8 million compared to a net loss on forward contracts of $309.7 million for 2005. The losses reported for the years ended December 31, 2006 and 2005 were primarily a result of mark-to-market losses associated with our long term financial sales contracts with Glencore that do not qualify for cash flow hedge accounting. Cash settlements of financial metal sales contracts that do not qualify for cash flow hedge treatment accounted for $54.2 million of the net loss, of which $2.6 million loss is due to the non-cash settlements of derivatives associated with the Glencore Metal agreements. The remaining $335.6 million is unrealized losses consisting of: $335.4 million unrealized losses related to our outstanding financial metals sales contracts that do not qualify for treatment as cash flow hedges due for settlement in 2007 through 2015, and $0.2 million unrealized loss due to an embedded derivative in our Ravenswood power contract.

Tax provision: We recorded an income tax benefit for the year ended December 31, 2006 of $52.0 million, a reduction of $28.7 million from the recorded tax benefit of $80.7 million for the year ended December 31, 2005. The reduction in the tax benefit is due to the reduced loss before income taxes and increased equity in earnings of joint ventures.

Equity in earnings of joint venture: Equity in earnings from the Gramercy and SABL investments improved to $16.1 million for the year ended December 31, 2006 from $10.7 million in 2005. These earnings represent our share of profits from third party bauxite, hydrate and chemical grade alumina sales.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Net sales: Net sales for the year ended December 31, 2005 increased $71.6 million or 7% to $1,132.0 million. Higher price realizations for primary aluminum in 2005, due to an improved LME price and Midwest premium, contributed an additional $41.7 million in sales. This amount was partially offset by a $21.5 million decrease in direct shipment revenues. Direct shipments were 26.1 million pounds less than the previous year due to a reduced pot count at Hawesville and fewer days in 2005 versus 2004. The additional revenue provided by Nordural tolling activities for the year ended December 31, 2005 contributed $51.4 million to the 2005 net sales increase.

Gross profit: For the year ended December 31, 2005, gross profit decreased $23.6 million to $161.7 million. Improved price realizations net of increased alumina costs improved gross profit by $42.6 million. Increased shipment volume, the result of the Nordural acquisition, contributed $11.6 million in additional gross profit. Offsetting these gains were $77.8 million in net cost increases comprised of: higher raw material costs and replacement of pot cells, $22.9 million; increased cost of Gramercy alumina, $19.5 million; higher power and natural gas costs, $17.6 million; increased net amortization and depreciation charges, $6.2 million; increased pension and other post-employment benefit accruals, $3.3 million and other increased spending, $8.3 million.

Selling, general and administrative expenses: Selling, general and administrative expenses for the year ended December 31, 2005 increased $9.9 million to $34.8 million relative to the same period in 2004. Approximately 63%, or $6.2 million of the increase, was a result of increased compensation and pension expense, with the remaining increase associated with increased professional fees and other general expenses. In addition, allowance for bad debts was reduced $0.6 million in 2004, reflecting the settlement of a claim.

Interest expense, net: Interest expense for the year ended December 31, 2005 declined $14.9 million to $24.3 million. The reduction in interest expense was a direct result of our refinancing activities during the year 2004.

Net gain/loss on forward contracts: For the year ended December 31, 2005, net loss on forward contracts was $309.7 million as compared to a net loss on forward contracts of $21.5 million for the same period in 2004. The loss reported for the year ended December 31, 2005 was primarily a result of mark-to-market losses associated with our long term financial sales contracts with Glencore that do not qualify for cash flow hedge accounting. The losses reported for the year ended December 31, 2004 primarily relate to the early termination of a fixed price forward sales contract with Glencore.

Loss on early extinguishment of debt: For the year ended December 31, 2005, we recorded a loss of $0.8 million related to the redemption of the remaining $9.9 million of outstanding 11.75% senior secured first mortgage notes. For the year ended December 31, 2004, we recorded a loss of $47.4 million for the cost of tendering for the first mortgage notes.

Tax provision: We recorded an income tax benefit for the year ended December 31, 2005 of $80.7 million, a change of $98.9 million from the recorded tax expense of $18.2 million for the year ended December 31, 2004. The change in the tax provision is due to changes in the income (loss) before income taxes and the discontinuance of accrual for United States taxes on Nordural's earnings, resulting from a decision made in 2005 that such earnings would remain invested outside the United States indefinitely. These items were partially offset by changes in equity in earnings of joint ventures.

Equity in earnings of joint venture: Equity in earnings from the Gramercy and SABL investments, which were acquired on October 1, 2004, was $10.7 million for the year ended December 31, 2005. These earnings represent our share of profits from third party bauxite, hydrate and chemical grade alumina sales.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flow from operations and available borrowings under our revolving credit facility and Nordural's term loan facility. We believe these sources of cash will be sufficient to meet our near-term working capital needs. We have not determined the sources of funding for our long-term debt repayment requirements; however, we believe that our cash flow from operations, available borrowing under our revolving credit facility and, to the extent necessary and/or economically attractive, future financial market activities will be adequate to address our long-term liquidity requirements. Our principal uses of cash are operating costs, payments of interest on our outstanding debt, the funding of capital expenditures and investments in related businesses, working capital and other general corporate requirements.

As of December 31, 2006, we had $772.3 million of indebtedness outstanding, including $175.0 million of principal under our 1.75% convertible senior notes, $250.0 million of principal under our 7.5% senior notes, $331.0 million of indebtedness under the term loan at Nordural, $7.8 million of principal under our industrial revenue bonds, and $8.5 million indebtedness for various site loans at Nordural. More information concerning the various debt instruments and our borrowing arrangements is available in Note 5 to the Consolidated Financial Statements included herein.

Adjusted Working Capital

Adjusted Working Capital Calculation as of December 31,
(dollars in thousands)

	2006	2005
Current assets	$ 517,639	$ 294,493
Current liabilities	(646,277)	(467,045)
Working capital	(128,638)	(172,552)
Adjustments (1):		
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Adjusted working capital	$ 54,177	$ 10,263

(1) The Convertible senior notes mature in 2024. The industrial revenue bonds mature in 2028. Due to certain features of these debt instruments, they are classified as current liabilities. For example, the convertible senior notes are classified as current because they may be converted by the holder at any time.

Our adjusted working capital increased during 2006 primarily due to higher market prices for primary aluminum, which drove increases in accounts receivable, inventory and cash. This increase was offset somewhat by increases in our current due to affiliates and current portion of long-term debt. Our due to affiliates and deferred tax asset increased primarily as a result of the mark-to-market of derivative contracts with Glencore that settle in 2007.

Capital Resources

Capital expenditures for 2006 were $217.1 million, $193.5 million of which was related to the expansion projects at Nordural, with the balance principally related to upgrading production equipment, improving facilities and complying with environmental requirements. We anticipate capital expenditures of approximately $30.0 to $35.0 million in 2007, exclusive of costs associated with Nordural's expansion to 220,000 mtpy ("Phase IV") and Nordural's Phase V expansion. We expect the Nordural expansion projects will require approximately $95 million of capital expenditures in 2007. Through December 31, 2006, we had outstanding capital commitments related to the Nordural expansion of $67.7 million related to Phase IV and Phase V expansion projects. We expect to incur approximately $5 to $10 million in capital expenditures for the Helguvik greenfield project in 2007. Our cost commitments for the Nordural expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Euro and the Icelandic krona. In May 2006, we purchased foreign currency options with a notional value of $41.6 million to hedge our foreign currency risk in the Icelandic krona associated with a portion of the capital expenditures from the Phase V expansion project. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No.133, have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of December 31, 2006, the fair value of the foreign currency options of $2.2 million was recorded in other assets. Accumulated other comprehensive income net of taxes includes an unrealized gain of $0.4 million, net of tax, related to the foreign currency options.

Historical

Our Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004 are summarized below:

	2006	2005 (dollars in thousands)	2004
Net cash provided by operating activities	$ 185,353	$ 134,936	$ 105,828
Net cash used in investing activities	(211,938)	(305,339)	(275,286)
Net cash provided by financing activities	105,197	143,987	185,422
Increase (decrease) in cash and cash equivalents	$ 78,613	$ (26,416)	$ 15,964

Net cash from operating activities of $185.4 million in 2006 was $50.5 million higher than the same period in 2005. This increase was a direct result of improved price realizations and the added margin contributions from the expansion capacity at Nordural.

Net cash from operating activities of $134.9 million in 2005 was $29.1 million higher than the same period in 2004. Exclusive of the $50.3 million cash payment in 2004 for the tender premium plus accrued interest for the refinancing of our first mortgage notes, net cash from operating activities decreased $21.2 million in 2005. This decrease was a direct result of increased cost of goods sold, offset by lower debt service costs related to the 2004 debt refinancing.

Net cash used in investing activities in 2006 was $211.9 million, a decrease of $93.4 million from 2005. Exclusive of the $7.8 million proceeds from the sale of property, plant, and equipment in 2006 and net acquisition cost of $7.0 million for a Southwire contingency payment in April 2005, related to the Hawesville acquisition in 2001, the decrease was $78.6 million. This decrease was due primarily to lower expenditures on the Nordural expansion project of $86.6 million, offset by higher purchases of property, plant and equipment and restricted and other cash deposits during the year of $8.0 million.

Net cash used in investing activities in 2005 was $305.3 million, an increase of $30.0 million from 2004. Exclusive of the net acquisition cost of $7.0 million for a Southwire contingency payment in April 2005, related to the Hawesville acquisition in 2001, the combined net acquisition cost of Nordural in April 2004 and the Gramercy assets in October 2004 of $198.6 million, net cash used in investing activities increased $221.6 million. Purchases of property, plant and equipment, including the Nordural expansion costs, were $298.1 million in 2005 as compared to the purchases of property, plant and equipment of $75.0 million in 2004.

Net cash provided by financing activities during 2006 was $105.2 million, a decrease of $38.8 million from the previous year. During 2006, we borrowed $109.0 million under Nordural's term loan facility and repaid $8.7 million, consisting of payments of $8.1 million for the repayment of the revolving credit facility and $0.6 million for other miscellaneous debt payments. We received proceeds of $3.5 million from the issuance of common stock and realized a $1.4 million tax benefit from our share-based compensation programs.

Net cash provided by financing activities during 2005 was $144.0 million, a decrease of $41.4 million from the previous year. During 2005, we borrowed $222.9 million under Nordural's new term loan facility, borrowed $8.1 million under our revolving credit facility, and received proceeds from the issuance of common stock of $1.4 million. The additional borrowings were partially offset by debt repayments of $83.3 million, consisting of payments of $9.9 million for the remaining first mortgage notes tendered in a debt refinancing, $68.5 million for the prior Nordural term loan facility and $4.9 million for other miscellaneous debt payments. Additionally, we paid $5.1 million of financing fees for Nordural's new term loan facility and the refinancing of our revolving credit facility.

Contractual Obligations

In the normal course of business, we have entered into various contractual obligations that will be settled in cash. These obligations consist primarily of long-term debt obligations and purchase obligations. The expected future cash flows required to meet these obligations are shown in the table below. More information is available about these contractual obligations in the notes to the Consolidated Financial Statements included herein.

	Payments Due by Period						
	Total	2007	2008	2009	2010	2011	Thereafter
	(dollars in millions)						
Long-term debt(1)	772	30	29	29	246	1	437
Estimated interest payments(2)	299	46	44	42	32	24	111
Purchase obligations(3)	3,084	684	508	470	327	182	913
OPEB obligations(4)	103	7	7	8	10	11	60
Other long-term liabilities(5)	43	6	5	5	5	5	17
Total	4,301	773	593	554	620	223	1,538

(footnotes continued on following page)

(footnotes continued from previous page)

(1) Debt includes principal repayments on the 7.5% senior notes, 1.75% convertible senior notes, the IRBs and the Nordural debt.

(2) Estimated interest payments on our long-term debt are based on several assumptions, including an assumption that our term loan debt is repaid on established schedules and is not refinanced. Our variable rate debt is based primarily on the Eurodollar rate plus an applicable margin. We assume that the Eurodollar rate will be 5.50% in 2007 and remaining steady thereafter. The IRB interest rate is variable and our estimated future payments are based on a rate of 4.20%. In addition, we assume the 7.5% senior notes due 2014 and 1.75% convertible senior notes due in 2024 will remain outstanding until their respective due dates.

(3) Purchase obligations include long-term alumina, electrical power contracts, anode contracts and the Nordural expansion project commitments. Nordural's power contracts and our domestic alumina contracts, except for our Gramercy alumina contract, are priced as a percentage of the LME price of primary aluminum. We assumed an LME price consistent with the LME forward market at December 31, 2006, decreasing to the 10-year average LME and steady thereafter for purposes of calculating expected future cash flows for these contracts. Our Gramercy long-term alumina contract has variable cost-based pricing. We used GAL cost forecasts to calculate the expected future cash flows for this contract. The Nordural anode contract and some Nordural expansion contract commitments are denominated in euros. We assumed a $1.30/Euro conversion rate to estimate the obligations under these contracts.

(4) Includes the estimated benefit payments for our OPEB obligations through 2015, which are unfunded.

(5) Other long-term liabilities include our expected SERB benefit payments, workers' compensation benefit payments and asset retirement obligations. Expected benefit payments for the SERB plans, which are unfunded, are included for 2007 through 2015. Asset retirement obligations are estimated disposal costs for the existing spent potliner.

For a discussion of our related party transactions, see Footnote 15 to the Consolidated Financial Statements included herein.

Environmental Expenditures and Other Contingencies

We have incurred and in the future will continue to incur capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance.

The aggregate environmental related accrued liabilities were $0.6 million and $0.5 million at December 31, 2006 and December 31, 2005, respectively. We believe that compliance with current environmental laws and regulations is not likely to have a material adverse effect on our financial condition, results of operations or liquidity; however, environmental laws and regulations may change, and we may become subject to more stringent environmental laws and regulations in the future.

We have planned environmental capital expenditures of approximately $2.0 million for 2007. In addition, we expect to incur operating expenses relating to environmental matters of approximately $10 to $15 million each year during 2007, 2008 and 2009, respectively. These amounts do not include any projected capital expenditures or operating expenses for our joint venture interest in the Gramercy assets. As part of our general capital expenditure plan, we also expect to incur capital expenditures for other capital projects that may, in addition to improving operations, reduce certain environmental impacts. See Note 12 "Commitments and Contingencies" to the Consolidated Financial Statements included herein.

Century's income tax returns are periodically examined by various tax authorities. We are currently under audit by the Internal Revenue Service ("IRS") for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. We are reviewing the issues raised by the IRS and plan to contest the proposed tax deficiencies. We believe that our tax position is well-supported and, based on current information, do not believe that the outcome of the tax audit will have a material impact on our financial condition or results of operations.

We are a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See Item 3, "Legal Proceedings."

Recently Adopted Accounting Standards

SFAS 158. In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment to SFAS No. 87, 88, 106, and 132(R)." This statement required us to recognize the funded status of a defined benefit and other postretirement plan obligations in our financial statements and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. In addition, the statement requires additional disclosure about certain effects on net periodic benefit cost that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation.

We have adopted SFAS No. 158 as of December 31, 2006. The impacts of the new pronouncement are discussed in the Pension and Other Postretirement Benefits note (Note 7) to our Consolidated Financial Statements, included herein.

SFAS 123(R). In December 2004, the FASB issued SFAS No. 123(R), "Share Based Payment." This Statement is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." This statement focuses primarily on accounting for transactions in which a company obtains services in share-based payment transactions. This Statement requires us to recognize the grant date fair value of an award of equity-based instruments to employees and the cost to be recognized over the period in which the employees are required to provide service. The Statement is effective for fiscal year 2006 and thereafter.

We have adopted SFAS No. 123 (R) effective January 1, 2006. We have elected to use the Modified Prospective Application Method. Under this method, we will recognize the fair value of employee stock-based compensation awards as compensation cost beginning January 1, 2006. SFAS No. 123 (R) will apply to new awards granted subsequent to our adoption and for any portion of previous awards that had not vested as of January 1, 2006. The compensation cost recognized from the unvested awards will be based on the original grant-date fair value used to calculate our pro forma financial disclosure under SFAS No. 123. The impacts of the new pronouncement are discussed in the Stock Compensation note (Note 9) to our Consolidated Financial Statements, included herein.

Recently Issued Accounting Standards

FIN 48. In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, disclosure and transition.

The Interpretation was issued to provide consistent criteria to recognize, derecognize and measure benefits related to income taxes. SFAS No. 109 contains no specific guidance on how to address uncertainty in accounting for income tax assets and liabilities. Disclosure provisions of the Interpretation will provide more information about the uncertainty in income taxes and liabilities.

The Interpretation will be effective for our 2007 fiscal year. We are currently assessing the Interpretation and have not yet determined the impact of adopting FIN No. 48 on our financial position and results of operations.

SFAS No. 157. In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

SFAS No. 159. In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." The Statement would permit us to measure certain financial instruments and other items

at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date.

The Statement is effective for us as of January 1, 2008. We are currently assessing the Statement and have not yet determined what, if any, impact the adoption of SFAS No. 159 will have on our financial position or results of operations.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

Commodity Price Sensitivity

We are exposed to price risk for primary aluminum. We manage our exposure to fluctuations in the price of primary aluminum by selling aluminum at fixed prices for future delivery and through financial instruments, as well as by purchasing certain of our alumina and power requirements under supply contracts with prices tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum). Our risk management activities do not include any trading or speculative transactions. The following table shows our forward priced sales as a percentage of our estimated production capacity.

Forward Priced Sales as of December 31, 2006

	2007(1)(2)	2008 (2)	2009 (2)	2010 (2)	2011-2015 (2)
Base Volume:					
Pounds (000)	380,160	240,745	231,485	231,485	826,733
Metric tons	172,438	109,200	105,000	105,000	375,000
Percent of capacity	22%	14%	13%	13%	9%
Potential additional volume(2):					
Pounds (000)	111,113	220,903	231,485	231,485	826,733
Metric tons	50,400	100,200	105,000	105,000	375,000
Percent of capacity	7%	12%	13%	13%	9%

(1) The forward priced sales in 2007 exclude January 2007 shipments to customers that are priced based upon the prior month's market price.

(2) Certain financial contracts included in the forward priced sales base volume for the period 2006 through 2015 contain clauses that trigger potential additional sales volume when the market price for a contract month is above the base contract ceiling price. These contacts will be settled monthly and, if the market price exceeds the ceiling price for all contract months through 2015, the potential sales volume would be equivalent to the amounts shown above.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreement, we had forward delivery contracts to sell 132,726 metric tons and 107,546 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 2,538 metric tons and 4,643 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively, of which none were with Glencore at December 31, 2006 and 186 metric tons were with Glencore at December 31, 2005.

Financial Sales Agreements

To mitigate the volatility in our unpriced forward delivery contracts, we enter into fixed price financial sales contracts, which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is our counterparty for all of these financial sales contracts.

Substantially all of the contracts accounted for as derivatives contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 735,600 metric tons. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at December 31, 2006 or December 31, 2005.

Primary Aluminum Financial Sales Contracts as of:

(Metric Tons)

	December 31, 2006			December 31, 2005		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
2006	--	--	--	142,750	51,000	193,750
2007	119,500	50,400	169,900	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009	--	105,000	105,000	--	105,000	105,000
2010	--	105,000	105,000	--	105,000	105,000
2011	--	75,000	75,000	--	75,000	75,000
2012-2015	--	300,000	300,000	--	300,000	300,000
Total	128,500	735,600	864,100	271,250	786,600	1,057,850

Additionally, to mitigate the volatility of the natural gas markets, we enter into fixed price financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas. One decatherm ("DTH") is equivalent to one million British Thermal Units ("BTU").

Natural Gas Financial Purchase Contracts as of:

	(Thousands of DTH) December 31,	
	2006	2005
2006	--	1,680
2007	2,200	780
2008	480	480
Total	2,680	2,940

On a hypothetical basis, a $200 per metric ton increase in the market price of primary aluminum is estimated to have an unfavorable impact of $16.2 million after tax on accumulated other comprehensive income for the contracts designated as cash flow hedges, and $92.8 million on net income for the contracts designated as derivatives, for the period ended December 31, 2006 as a result of the forward primary aluminum financial sales contracts outstanding at December 31, 2006.

On a hypothetical basis, a $1.00 per DTH decrease in the market price of natural gas is estimated to have an unfavorable impact of $1.7 million after tax on accumulated other comprehensive income for the period ended December 31, 2006 as a result of the forward natural gas financial purchase contracts outstanding at December 31, 2006.

Our metals and natural gas risk management activities are subject to the control and direction of senior management. These activities are regularly reported to Century's board of directors.

This quantification of our exposure to the commodity price of aluminum is necessarily limited, as it does not take into consideration our inventory or forward delivery contracts, or the offsetting impact on the sales price of primary aluminum products. Because all of our alumina contracts, except Hawesville's alumina contract with Gramercy, are indexed to the LME price for primary aluminum, they act as a natural hedge for approximately 10% of our production. As of December 31, 2006, approximately 52% (including 50,400 metric tons of potential additional volume under our derivative sales contracts) of our production for 2007 was hedged by our LME-based alumina contracts, Nordural's electrical power and tolling contracts, and by fixed price forward delivery and financial sales contracts.

Nordural. Substantially all of Nordural's revenues are derived from toll conversion agreements with Glencore, Hydro and a subsidiary of BHP Billiton Ltd. whereby Nordural converts alumina provided by these companies into primary aluminum for a fee based on the LME price for primary aluminum. Nordural's LME-based toll revenues are subject to the risk of decreases in the market price of primary aluminum; however, Nordural is not exposed to increases in the price for alumina, the principal raw material used in the production of primary aluminum. In addition, under its power contract, Nordural purchases power at a rate which is a percentage of the LME price for primary aluminum, providing Nordural with a natural hedge against downswings in the market for primary aluminum. Nordural's tolling revenues include a premium based on the exemption available to Icelandic aluminum producers from the European Union ("EU") import duty for primary aluminum. The European Commission has considered and is currently considering various proposals that would phase-out this import duty. While the import duty remains intact to date, any decrease in the EU import duty will negatively impact Nordural's revenue.

Nordural is exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the Euro and the Icelandic krona. Nordural's revenues and power costs are based on the LME price for primary aluminum, which is denominated in U.S. dollars. There is no currency risk associated with these contracts. Nordural's labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in Euros. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Nordural's operating margins.

Nordural does not currently have financial instruments to hedge commodity price risk. Nordural may hedge such risks in the future, including through the purchase of aluminum put options. We have entered into currency options to mitigate a portion of our foreign currency exposure to the Icelandic krona for the Phase V expansion capital expenditures. See the discussion in the Capital Resources section of Management's Discussion and Analysis.

Interest Rates

Interest Rate Risk. Our primary debt obligations are the $250.0 million of outstanding senior unsecured notes, $175.0 million of outstanding convertible notes, $7.8 million in industrial revenue bonds ("IRBs"), borrowings under our revolving credit facility, and the Nordural debt, including $331.0 million of borrowings under its term loan facility. Our senior unsecured notes and convertible notes bear a fixed rate of interest, so changes in interest rates do not subject us to changes in future interest expense with respect to these borrowings. Borrowings under our revolving credit facility are at variable rates at a margin over LIBOR or the bank base rate, as defined in the credit agreement. There were no outstanding borrowings on our revolving credit facility at December 31, 2006. The IRBs bear interest at variable rates determined by reference to the interest rate of similar instruments in the industrial revenue bond market. Borrowings under Nordural's term loan facility bear interest at a margin over the applicable Eurodollar rate. At December 31, 2006, we had $340.6 million of variable rate borrowings. A hypothetical one percentage point increase in the interest rate would increase our net loss by $2.8 million, assuming no debt reduction. We have not hedged our interest rate risk, but may do so in the future through interest rate swaps which would have the effect of fixing a portion of our floating rate debt.

Our primary financial instruments are cash and short-term investments, including cash in bank accounts and other highly rated liquid money market investments and government securities.

Item 8. ***Financial Statements and Supplementary Data***

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MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting for the company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, a system of internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. Our system of internal controls contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

As required by Section 404 of the Sarbanes-Oxley Act, management conducted an evaluation of the effectiveness of the system of internal controls over financial reporting for the year ended December 31, 2006. Management's evaluation was based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management concluded that our system of internal controls over financial reporting was effective as of December 31, 2006. Management's assessment of the effectiveness of our internal control over financial reporting has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in their report under the heading "Report of Independent Registered Public Accounting Firm."

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting, that Century Aluminum Company and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2006 of the Company and our report dated February 28, 2007 expressed an unqualified opinion and includes an explanatory paragraph as to the adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
February 28, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited the accompanying consolidated balance sheets of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Century Aluminum Company and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

As discussed in Note 7 to the consolidated financial statements, in 2006 the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
February 28, 2007

CENTURY ALUMINUM COMPANY
CONSOLIDATED BALANCE SHEETS

	December 31, 2006	December 31, 2005
	(Dollars in thousands, except share data)	
ASSETS		
ASSETS:		
Cash and cash equivalents	$ 96,365	$ 17,752
Restricted cash	2,011	2,028
Accounts receivable — net	113,371	83,016
Due from affiliates	37,542	18,638
Inventories	145,410	111,436
Prepaid and other current assets	19,830	23,918
Deferred taxes — current portion	103,110	37,705
Total current assets	517,639	294,493
Property, plant and equipment — net	1,218,777	1,070,158
Intangible asset — net	61,594	74,643
Goodwill	94,844	94,844
Other assets	292,380	143,293
TOTAL	$2,185,234	$1,677,431
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 64,849	$ 61,919
Due to affiliates	282,282	158,682
Accrued and other current liabilities	75,143	53,715
Long term debt — current portion	30,105	581
Accrued employee benefits costs — current portion	11,083	9,333
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Total current liabilities	646,277	467,045
Senior unsecured notes payable	250,000	250,000
Nordural debt	309,331	230,436
Revolving credit facility	--	8,069
Accrued pension benefits costs — less current portion	19,239	10,350
Accrued postretirement benefits costs — less current portion	206,415	96,660
Due to affiliates – less current portion	554,864	337,416
Other liabilities	27,811	28,010
Deferred taxes	41,587	16,890
Total noncurrent liabilities	1,409,247	977,831
CONTINGENCIES AND COMMITMENTS (NOTE 12)		
SHAREHOLDERS' EQUITY:		
Common stock (one cent par value, 100,000,000 shares authorized; 32,457,670 and 32,188,165 shares issued and outstanding at December 31, 2006 and 2005, respectively)	325	322
Additional paid-in capital	432,270	419,009
Accumulated other comprehensive loss	(166,572)	(91,418)
Accumulated deficit	(136,313)	(95,358)
Total shareholders' equity	129,710	232,555
TOTAL	$2,185,234	$1,677,431

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2006	2005	2004
	(In Thousands, Except Per Share Amounts)		
NET SALES:			
Third-party customers	$1,299,035	$ 961,335	$ 897,538
Related parties	259,531	171,027	163,209
	1,558,566	1,132,362	1,060,747
Cost of goods sold	1,210,044	970,685	875,460
Gross profit	348,522	161,677	185,287
Selling, general and administrative expenses	39,363	34,773	24,916
Operating income	309,159	126,904	160,371
Interest expense – third party	(37,002)	(25,668)	(39,946)
Interest expense – related party	—	—	(380)
Interest income	1,705	1,367	1,086
Net loss on forward contracts	(389,839)	(309,698)	(21,521)
Loss on early extinguishment of debt	—	(835)	(47,448)
Other income (expense) — net	6,898	275	(1,305)
Income (loss) before income taxes and equity in earnings of joint ventures	(109,079)	(207,655)	50,857
Income tax benefit (expense)	52,041	80,697	(18,196)
Income (loss) before equity in earnings of joint ventures	(57,038)	(126,958)	32,661
Equity in earnings of joint ventures	16,083	10,703	821
Net income (loss)	(40,955)	(116,255)	33,482
Preferred dividends	—	—	(769)
Net income (loss) applicable to common shareholders	$ (40,955)	$ (116,255)	$ 32,713
EARNINGS (LOSS) PER COMMON SHARE:			
Basic and Diluted	$ (1.26)	$ (3.62)	$ 1.14

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Comprehensive Income (Loss)	Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
	(Dollars in Thousands)						
Balance, December 31, 2003		$ 25,000	$ 211	$ 173,138	$ (5,222)	$ (9,258)	$ 183,869
Comprehensive income (loss) – 2004							
Net income – 2004	$ 33,482					33,482	33,482
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $29,380 in tax	(51,554)						
Net amount reclassified to income, net of $(2,196) in tax	3,950						
Minimum pension liability adjustment, net of $(360) in tax	640						
Other comprehensive loss	(46,964)				(46,964)		(46,964)
Total comprehensive loss	$ (13,482)						
Dividends on common stock						(42)	(42)
Dividends on preferred stock						(3,269)	(3,269)
Preferred stock conversion		(25,000)	14	24,986			
Issuance of common stock – equity offering			90	208,121			208,211
Issuance of common stock – compensation plans			5	9,208			9,213
Balance, December 31, 2004		$ --	$ 320	$ 415,453	$ (52,186)	$ 20,913	$ 384,500
Comprehensive income (loss) – 2005							
Net loss – 2005	$ (116,255)					(116,255)	(116,255)
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $36,420 in tax	(64,710)						
Net amount reclassified to income, net of $(14,655) in tax	25,365						
Minimum pension liability adjustment, net of $63 in tax	113						
Other comprehensive loss	(39,232)				(39,232)		(39,232)
Total comprehensive loss	$ (155,487)						
Dividends on common stock						(16)	(16)
Issuance of common stock – compensation plans			2	3,556			3,558
Balance, December 31, 2005		$ --	$ 322	$ 419,009	$ (91,418)	$ (95,358)	$ 232,555
Comprehensive income (loss) – 2006							
Net loss – 2006	$ (40,955)					(40,955)	(40,955)
Other comprehensive income (loss):							
Net unrealized loss on financial instruments, net of $57,556 tax	(85,309)						
Net amount reclassified to income, net of $(48,734) tax	83,186						
Minimum pension liability adjustment, net of $1,631 in tax	(2,532)						
Other comprehensive loss	(4,655)				(4,655)		(4,655)
Total comprehensive loss	$ (45,610)						
Adjustment to initially apply SFAS No. 158, net of $46,161 tax					(70,499)		(70,499)
Share-based compensation expense				5,582			5,582
Issuance of common stock – compensation plans			3	7,679			7,682
Balance, December 31, 2006		$ --	$ 325	$ 432,270	$(166,572)	$(136,313)	$ 129,710

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2006	2005	2004
	(Dollars in Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (40,955)	$(116,255)	$ 33,482
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Unrealized net loss on forward contracts	333,081	306,756	2,405
Depreciation and amortization	69,220	56,533	50,254
Deferred income taxes	(126,342)	(59,834)	11,818
Pension and other post retirement benefits	14,561	12,381	8,040
Workers' compensation	987	(1,572)	820
Stock-based compensation	5,582	--	--
Excess tax benefits from share-based compensation	(1,394)	--	--
(Gain) loss on disposal of assets	(6,851)	(32)	761
Non-cash loss on early extinguishment of debt	--	253	9,659
Change in operating assets and liabilities:			
Accounts receivable — net	(30,355)	(3,440)	(19,440)
Due from affiliates	(18,904)	(4,267)	(3,623)
Inventories	(28,524)	(152)	(16,023)
Prepaids and other current assets	89	(10,092)	(3,590)
Accounts payable, trade	9,608	8,528	2,602
Due to affiliates	9,701	920	16,179
Accrued and other current liabilities	18,965	(32,664)	13,614
Other — net	(23,116)	(22,127)	(1,130)
Net cash provided by operating activities	185,353	134,936	105,828
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant, and equipment	(23,602)	(18,027)	(15,240)
Nordural expansion	(193,511)	(280,086)	(59,784)
Business acquisitions, net of cash acquired	--	(7,000)	(198,584)
Restricted and other cash deposits	(2,583)	(350)	(1,678)
Proceeds from sale of property, plant, and equipment	7,759	124	--
Net cash used in investing activities	(211,937)	(305,339)	(275,286)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	109,000	222,937	425,883
Repayment of long-term debt – third party	(581)	(83,279)	(425,881)
Repayment of long-term debt – related party	--	--	(14,000)
Net borrowings (repayments) under revolving credit facility	(8,069)	8,069	--
Excess tax benefits from share-based compensation	1,394	--	--
Financing fees	--	(5,132)	(13,062)
Issuance of common stock	3,453	1,408	215,793
Dividends	--	(16)	(3,311)
Net cash provided by financing activities	105,197	143,987	185,422
CHANGE IN CASH AND CASH EQUIVALENTS	78,613	(26,416)	15,964
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,752	44,168	28,204
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 96,365	$ 17,752	$ 44,168

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2006, 2005 and 2004
(Dollars in Thousands, except Per Share Amounts)

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation — Century Aluminum Company ("Century," "we", "us", "our" or "ours") is a holding company, whose principal subsidiaries are Century Aluminum of West Virginia, Inc. ("Century of West Virginia"), Berkeley Aluminum, Inc. ("Berkeley"), Century Kentucky, Inc. ("Century Kentucky") and Nordural ehf ("Nordural"). Century of West Virginia operates a primary aluminum reduction facility in Ravenswood, West Virginia ("Ravenswood"). Berkeley holds a 49.7% interest in a partnership which operates a primary aluminum reduction facility in Mt. Holly, South Carolina ("Mt. Holly") and a 49.7% undivided interest in the property, plant, and equipment comprising Mt. Holly. The remaining interest in the partnership and the remaining undivided interest in Mt. Holly are owned by Alumax of South Carolina, Inc., a subsidiary of ALCOA ("ASC"). ASC manages and operates Mt. Holly pursuant to an Owners Agreement, prohibiting the disposal of the interest held by any of the owners without the consent of the other owners and providing for certain rights of first refusal. Pursuant to the Owners Agreement, each owner furnishes their own alumina, for conversion to aluminum, and is responsible for their pro rata share of the operating and conversion costs.

Prior to April 1996, we were an indirect, wholly-owned subsidiary of Glencore International AG ("Glencore" and, together with its subsidiaries, the "Glencore Group"). In April 1996, we completed an initial public offering of our common stock. At December 31, 2006, Glencore owned 28.7% of Century's outstanding common stock. Century and Glencore enter into various transactions such as the purchase and sale of primary aluminum, purchase of alumina, tolling agreements and forward primary aluminum financial sales contracts.

Our historical results of operations included in the accompanying consolidated financial statements may not be indicative of the results of operations to be expected in the future.

Principles of Consolidation — The consolidated financial statements include the accounts of Century Aluminum Company and our subsidiaries, after elimination of all significant intercompany transactions and accounts. Berkeley's interest in the Mt. Holly partnership and our interest in the Gramercy and St. Ann Bauxite joint ventures are accounted for under the equity method. Our equity in the earnings of St. Ann Bauxite is recorded net of Jamaican taxes.

Revenue — Revenue is recognized when title and risk of loss pass to customers in accordance with contract terms. In some instances, we invoice our customers prior to physical shipment of goods. In such instances, revenue is recognized only when the customer has specifically requested such treatment and has made a fixed commitment to purchase the product. The goods must be complete, ready for shipment and physically separated from other inventory with risk of ownership passing to the customer. We must retain no performance obligations and a delivery schedule must be obtained. Sales returns and allowances are treated as a reduction of sales and are provided for based on historical experience and current estimates.

Cash and Cash Equivalents — Cash equivalents are comprised of cash and short-term investments having maturities of less than 90 days at the time of purchase. The carrying amount of cash equivalents approximates fair value.

Accounts Receivable — The accounts receivable are net of an allowance for uncollectible accounts of $1,000 at December 31, 2006 and 2005.

Inventories — The majority of our inventories, including alumina and aluminum inventories, are stated at the lower of cost (using the first-in, first-out ("FIFO") method) or market. The remaining inventories (principally operating and other supplies) are valued at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment is stated at cost. Additions, renewals and improvements are capitalized. Asset and accumulated depreciation accounts are relieved for dispositions with resulting gains or losses included in other income (expense). Maintenance and repairs are expensed as incurred. We capitalize interest for the construction of qualifying assets. Depreciation of plant and equipment is provided for by the straight-line method over the following estimated useful lives:

Buildings and improvements	14 to 45 years
Machinery and equipment	5 to 22 years

We periodically evaluate the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a separately identifiable, long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Goodwill and Intangible Asset – We recognized $94,844 of goodwill as a result of the acquisition of Nordural in 2004. We test our goodwill annually for impairment in the second quarter of the fiscal year and other times whenever events or circumstances indicate that the carrying amount of goodwill may exceed its fair value. If the carrying value of goodwill exceeds its fair value, an impairment loss will be recognized. No impairment loss was recorded in 2006 or 2005. The fair value is estimated using market comparable information.

Our intangible asset consists of the power contract acquired in connection with our acquisition of the Hawesville facility ("Hawesville"). The contract value is being amortized over its term (10 years) using a method that results in annual amortization equal to the percentage of a given year's expected gross annual benefit to the total as applied to the total recorded value of the power contract. As of December 31, 2006 and 2005, the gross carrying amount of the intangible asset was $155,986 with accumulated amortization of $94,392 and $81,343, respectively. In April 2005, we made a $7,000 post-closing payment to Southwire related to the acquisition of Hawesville. This post-closing payment obligation was allocated to the acquired fixed assets and intangible asset based the allocation percentages used in the original acquisition. The gross carrying amount of the intangible asset increased $2,394 as a result of this payment.

For the years ended December 31, 2006, 2005 and 2004, amortization expense for the intangible asset totaled $13,049, $14,561, and $12,327, respectively. The estimated aggregate amortization expense for the intangible asset for the remainder of the contract term is as follows:

	For the year ending December 31,			
	2007	2008	2009	2010
Estimated Amortization Expense	$ 13,991	$ 15,076	$ 16,149	$ 16,378

The intangible asset is reviewed for impairment in accordance with Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets," whenever events or circumstances indicate that its net carrying amount may not be recoverable.

Other Assets — At December 31, 2006 and 2005, other assets consist primarily of Century's investment in the Mt. Holly partnership, the investment in the Gramercy and St. Ann Bauxite joint ventures, deferred financing costs, deferred tax assets, deferred pension assets, and cash surrender value of life insurance policies. Our equity share of the undistributed earnings (loss) increases (decreases) the investment in the joint venture. Deferred financing costs are amortized on a straight-line basis over the life of the related financing.

We account for our 49.7% interest in the Mt. Holly partnership using the equity method of accounting. Additionally, our 49.7% undivided interest in certain property, plant and equipment of Mt. Holly is held outside of the partnership and the undivided interest in these assets of the facility is accounted for in accordance with the EITF Issue No. 00-01, "Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures." Accordingly, the undivided interest in these assets and the related depreciation are being accounted for on a proportionate gross basis.

Income Taxes — We account for income taxes using the liability method, whereby deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In evaluating our ability to realize deferred tax assets, we use judgment in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. Based on the weight of evidence, both negative and positive, if it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is established.

During the second quarter of 2005, we determined that certain Nordural earnings would remain invested outside the United States indefinitely.

Tax reserves have been established which we believe to be adequate in relation to the potential for additional assessments. Once established, reserves are adjusted only when there is more information available or when an event occurs necessitating a change to the reserves.

Postemployment Benefits — We provide certain postemployment benefits to former and inactive employees and their dependents during the period following employment, but before retirement. These benefits include salary continuance, supplemental unemployment and disability healthcare. Postemployment benefits are accounted for in accordance with SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The statement requires recognition of the estimated future cost of providing postemployment benefits on an accrual basis over the active service life of the employee.

Forward Contracts and Financial Instruments — We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods. We also enter into fixed price financial sales contracts to be settled in cash to manage our exposure to changing primary aluminum prices. We have also entered into financial purchase contracts for natural gas to be settled in cash to manage our exposure to changing natural gas prices. In addition in 2006, we entered into option contracts to purchase Icelandic krona to manage our exposure to fluctuations in the krona exchange rate for future cash flows associated with capital expenditures for our Phase V expansion project at Nordural.

All aluminum-based financial and physical delivery contracts are marked-to-market using the LME spot and forward market for primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for management to estimate the U.S. Midwest premium. The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have an impact on our other comprehensive income included in our financial statements from period to period.

Certain financial sales contracts for primary aluminum, our foreign currency option contracts and all financial purchase contracts for natural gas have been designated as cash flow hedges in accordance with the provisions of SFAS No. 133 (as amended). We assess the effectiveness of these cash flow hedges quarterly. To the extent such cash flow hedges are effective, unrealized gains and losses on the financial sales contracts are deferred in the balance sheet as accumulated other comprehensive income until the hedged transaction occurs when the realized gain or loss is recognized as revenue or cost of goods sold, as applicable, in the Statement of Operations. Any ineffective portion of the gain or loss is reported in earnings immediately.

Our power supply agreement at Ravenswood contains LME-based pricing provisions that are considered an embedded derivative. The embedded derivative does not qualify for cash flow hedge treatment and is marked to market quarterly. Gains and losses on the embedded derivative are recorded in net gain (loss) on forward contracts on the Consolidated Statement of Operations.

The financial and physical delivery contracts for primary aluminum that are not designated cash flow hedges or do not qualify for cash flow hedge treatment, as provided for in current accounting standards, are marked-to-market quarterly. Fluctuations in the LME price of primary aluminum have a significant impact on gains and losses included in our financial statements from period to period. Unrealized and realized gains and losses are included in net gain (loss) on forward contracts.

The effectiveness of our cash flow hedges for primary aluminum and natural gas are measured by a historical and probable future high correlation of changes in the fair value of the hedging instruments with changes in value of the hedged item. If high correlation ceases to exist, then gains or losses will be recorded in net gain (loss) on forward contracts. To date, high correlation has always been achieved. Our cash flow hedges for foreign currency are option contracts that provide "one-sided" protection from Icelandic krona appreciation. If the krona appreciates to any level below the strike price, the option will be exercised, creating a perfectly effective hedge. If the krona depreciates to any level above the strike price, the option will expire unexercised and the Company will buy krona at an equivalent or better price than allowed by the option strike price. During 2006, 2005 and 2004, we did not recognize any gains or losses for ineffective portions of our cash flow hedges. As of December 31, 2006 and 2005, we had recorded in other comprehensive income deferred losses of $90,728 and $88,458, respectively, on our cash flow hedges, net of tax.

CENTURY ALUMINUM COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial Instruments — Our receivables, payables, debt related to industrial revenue bonds ("IRBs"), Nordural debt and forward financial contracts are carried at amounts that approximate fair value. At December 31, 2006, our 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 had carrying amounts of $250,000 and $175,000, respectively. At December 31, 2006, the estimated fair value of the 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 were $252,500 and $277,900, respectively.

Concentration of Credit Risk — Financial instruments, which potentially expose Century to concentrations of credit risk, consist principally of cash investments and trade receivables. We place our cash investments with highly rated financial institutions. At times, such investments may be in excess of the FDIC insurance limit. Our limited customer base increases our concentrations of credit risk with respect to trade receivables. We routinely assess the financial strength of our customers.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation — We adopted SFAS No. 123(R), "Share-Based Payment" effective January 1, 2006. As such, through December 31, 2005, we accounted for stock based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees." No compensation cost was recognized for the stock option portions of the plan prior to January 1, 2006 because the exercise prices of the stock options granted were equal to the market value of our stock on the date of grant. Had compensation cost for the Stock Incentive Plan, see Note 9, been determined using the fair value method provided under SFAS No. 123, our net income (loss) and earnings (loss) per share would have changed to the pro forma amounts indicated below:

		2005	2004
Net income (loss) applicable to common shareholders	As Reported	$(116,255)	$ 32,713
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		2,840	1,767
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(3,570)	(2,148)
Pro forma net income (loss)		$(116,985)	$ 32,332
Basic income (loss) per share	As Reported	$ (3.62)	$ 1.14
	Pro Forma	$ (3.64)	$ 1.13
Diluted income (loss) per share	As Reported	$ (3.62)	$ 1.14
	Pro Forma	$ (3.64)	$ 1.12

The fair value of our stock option grants and service-based share awards is estimated on the date of grant using the Black-Scholes option-pricing model. Information about our assumptions used to value the grants in 2006, 2005 and 2004 is available in Note 9.

Recently Adopted Accounting Standards — In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment to SFAS No. 87, 88, 106, and 132(R)." This statement requires an employer to recognize the funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The statement requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position. In addition, the statement requires additional disclosure about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. We adopted SFAS No. 158 as of December 31, 2006. The incremental effect on our financial statements as a result of the adoption of SFAS No. 158 is disclosed in our Pension and Other Postretirement Benefits note (Note 7).

We adopted SFAS No. 123 (R) effective January 1, 2006. We elected to use the Modified Prospective Application Method. Under this method, we recognized the fair value of employee stock-based compensation awards as compensation cost beginning January 1, 2006. SFAS No. 123 (R) was applied to new awards granted subsequent to our adoption and for any portion of previous awards that had not vested as of January 1, 2006. The compensation cost recognized from the unvested awards will be based on the original grant-date fair value used to calculate our pro forma financial disclosure under SFAS No. 123. Our financial statements have not been restated for share-based payment expense for periods prior to January 1, 2006.

Recently Issued Accounting Standard – In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition.

The Interpretation was issued to provide consistent criteria to recognize, derecognize, and measure benefits related to income taxes. SFAS No. 109 contains no specific guidance on how to address uncertainty in accounting for income tax assets and liabilities. Disclosure provisions of the Interpretation will provide more information about the uncertainty in income taxes and liabilities.

The Interpretation will be effective for our 2007 fiscal year. We are currently assessing the Interpretation and have not yet determined the impact of adopting FIN No. 48 on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." The Statement would permit us to choose to measure certain financial instruments and other items at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date.

The Statement is effective for us as of January 1, 2008. We are currently assessing the Statement and have not yet determined what, if any, impact the adoption of SFAS No. 159 will have on our financial position or results of operations.

Foreign Currency – Our Nordural subsidiary uses the U.S. Dollar as its functional currency. Certain operating and construction expenses are denominated and payable in foreign currencies. Nordural's labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise and result in transaction gains and losses which are reflected in other income (expense) in the Consolidated Statement of Operations.

2. Acquisitions

The Gramercy Acquisition

In October 2004, Century and Xstrata (successor by merger with Falconbridge) completed the joint purchase of the Gramercy, Louisiana alumina refinery ("Gramercy") owned by Kaiser Aluminum and Chemical Corporation ("Kaiser") and Kaiser's 49% interest in a Jamaican bauxite mining partnership ("St. Ann Bauxite"). The purchase price was $23.0 million, subject to working capital adjustments. Century and Xstrata each paid one-half of the

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

purchase price. All of the bauxite mined by the partnership is used for the production of alumina at the Gramercy refinery and at a third party refinery in Texas. The Gramercy refinery chemically refines bauxite into alumina, the principal raw material in the production of primary aluminum. Hawesville purchases virtually all of its alumina requirements from Gramercy. We use the equity method of accounting for our investment in Gramercy and St. Ann Bauxite.

Nordural Acquisition

In April 2004, we completed the acquisition of Nordural. Nordural is an Icelandic company that owns and operates a primary aluminum reduction facility located in Grundartangi, Iceland. The results of operations of Nordural are included in our Statement of Operations beginning April 28, 2004.

We accounted for the acquisition as a purchase using the accounting standards established in SFAS No. 141, "Business Combinations." We recognized $94,844 of goodwill in the transaction. None of the goodwill is expected to be deductible for Icelandic tax purposes; however, all of the goodwill is expected to be deductible for U.S. tax purposes.

The following tables represent the unaudited pro forma results of operations for the year ended December 31, 2004 assuming the acquisition occurred on January 1, 2004. The unaudited pro forma amounts may not be indicative of the results that actually would have occurred if the transaction described above had been completed and in effect for the period indicated.

	Year ended December 31, 2004
	(unaudited)
Net sales	$1,099,122
Income before cumulative effect of change in accounting principle	40,298
Net income	40,298
Net income available to common shareholders	39,529
Earnings per share:	
Basic	$1.25
Diluted	$1.25

3. Inventories

Inventories, at December 31, consist of the following:

	2006	2005
Raw materials	$ 61,749	$ 47,352
Work-in-process	20,528	11,461
Finished goods	5,435	5,446
Operating and other supplies	57,698	47,177
Inventories	$ 145,410	$ 111,436

4. Property, Plant and Equipment

Property, plant and equipment, at December 31, consist of the following:

	2006	2005
Land and improvements	$ 13,061	$ 13,652
Buildings and improvements	247,128	122,356
Machinery and equipment	1,201,371	856,577
Construction in progress	93,588	358,674
	1,555,148	1,351,259
Less accumulated depreciation	(336,371)	(281,101)
Property, plant and equipment – net	$ 1,218,777	$ 1,070,158

For the years ended December 31, 2006, 2005 and 2004, we recorded depreciation expense of $56,171, $41,972 and $37,927, respectively.

At December 31, 2006 and 2005, the cost of property, plant and equipment includes $158,911 and $157,162, respectively, and accumulated depreciation includes $72,300 and $64,932, respectively, representing our undivided interest in the property, plant and equipment comprising Mt. Holly.

5. Debt

	December 31, 2006	December 31, 2005
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually (1)(2)(5)(6)	$ 175,000	$ 175,000
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Current portion of long-term debt	30,105	581
Debt classified as non-current liabilities:		
7.5% senior unsecured notes payable due 2014, interest payable semiannually (5)(6)(7)	250,000	250,000
Nordural's senior term loan facility maturing in 2010, variable interest rate, principal and interest payments due semiannually through 2010 (3)(4)	301,500	222,000
Nordural's various loans, with interest rates ranging from 2.70% to 6.75% due through 2020, less current portion	7,831	8,436
Borrowings under revolving credit facility	--	8,069
Total Debt	$ 772,251	$ 671,901

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(1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The convertible notes are classified as current because they are convertible at any time by the holder. The IRB interest rate at December 31, 2006 was 4.21%.

(2) The convertible notes are convertible at any time by the holder at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of convertible notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a convertible note, the holder of such convertible note shall receive cash equal to the principal amount of the convertible note and, at our election, either cash or Century common stock, or a combination thereof, for the convertible notes conversion value in excess of such principal amount, if any.

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(3) Nordural's senior term loan interest rate at December 31, 2006 was 6.90%. The $365.0 million loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006. Nordural is required to make the following minimum repayments of principal on the facility: $15.5 million on February 28, 2007 and $14.0 million on each of August 31, 2007, February 29, 2008, August 31, 2008, February 28, 2009, August 31, 2009, and all remaining outstanding principal amount on February 28, 2010.

(4) Nordural's obligations under the term loan facility are secured by a pledge of all of Nordural's shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural's assets are pledged as security under the loan facility.

(5) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries.

(6) The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

(7) On or after August 15, 2009, we may redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principal amount, plus accrued and unpaid interest, beginning on August 15, 2012.

We have a $100,000 senior secured revolving credit facility ("Credit Facility") with a syndicate of banks that will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We could issue up to a maximum of $25,000 in letters of credit under the Credit Facility. In 2006, we issued two letters of credit totaling $800. Other than the letters of credit, we had no other outstanding borrowings under the Credit Facility as of December 31, 2006. As of December 31, 2006, we had a borrowing availability of $99,025 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

Principal Payments on Long Term Debt

Principal payments on our long term debt in the next five years and thereafter are as follows:

	Total	2007	2008	2009	2010	2011	Thereafter
7.5% senior notes due August 2014	$250,000	$ --	$ --	$ --	$ --	$ --	$250,000
Nordural debt	339,436	30,105	28,631	28,658	246,186	716	5,140
Total	$589,436	$ 30,105	$ 28,631	$ 28,658	$246,186	$ 716	$255,140

6. Composition of certain balance sheet accounts at December 31

Components of Other Assets:	2006	2005
Deferred tax assets – noncurrent	$ 203,452	$ 56,053
Other assets (primarily investments in joint ventures)	75,950	71,640
Capitalized financing fees	12,978	15,600
	$ 292,380	$ 143,293

Components of Accrued and other current liabilities:	2006	2005
Accrued and other current liabilities	$ 32,105	$ 31,685
Income taxes payable	34,679	13,671
Accrued bond interest	8,359	8,359
	$ 75,143	$ 53,715

Components of Accumulated Other Comprehensive Loss:	2006	2005
Unrealized loss on financial instruments, net of $58,452 and $49,776 tax benefit	$ (90,728)	$ (88,458)
Pension and other postretirement benefit plan liabilities, net of $48,864 tax benefit (1)	(75,844)	--
Minimum pension liability adjustment, net of $1,665 tax benefit	--	(2,960)
	$ (166,572)	$ (91,418)

(1) This amount includes pension and other postretirement benefit liabilities of Century, as well as those of our interest in the joint ventures in Gramercy Alumina LLC and St. Ann Bauxite Ltd, and our interest in the Mt. Holly Aluminum Company. The pension and other postretirement benefit liabilities of our interest in the joint ventures in Gramercy Alumina LLC and St. Ann Bauxite Ltd, and our interest in the Mt. Holly Aluminum Company were $2,362, net of $1,522 tax benefit at December 31, 2006.

7. Pension and Other Postretirement Benefits

SFAS No. 158

We adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" in our 2006 financial statements. SFAS No. 158 requires us to record on our balance sheet previously unrecognized obligations of our pension and other postretirement plans as of December 31, 2006. The following table shows the adjustments that were recorded upon adoption of SFAS No. 158. Pension and other postretirement benefit liabilities of our joint ventures and our interest in the Mt. Holly Aluminum Company are not included in these tables.

Incremental Effect of Applying SFAS No. 158 on certain line items in the Consolidated Balance Sheet:

	Before application of SFAS No. 158	Adjustment for Additional Minimum Liability ("AML")	Before SFAS No. 158 with AML adjustment	SFAS No. 158 adoption adjustments	After application of SFAS No. 158
Other assets (1)	$ 258,988	$ 1,631	$ 260,619	$ 31,761	$ 292,380
Total assets	2,153,473	--	2,153,473	31,761	2,185,234
Accrued employee benefit cost – current	9,552	--	9,552	1,531	11,083
Total current liabilities	644,746	--	644,746	1,531	646,277
Accrued pension benefit costs – noncurrent	10,456	4,163	14,619	4,620	19,239

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	Before application of SFAS No. 158	Adjustment for Additional Minimum Liability ("AML")	Before SFAS No. 158 with AML adjustment	SFAS No. 158 adoption adjustments	After application of SFAS No. 158
Accrued postretirement benefit costs – noncurrent	110,306	--	110,306	96,109	206,415
Total noncurrent liabilities	1,304,355	4,163	1,308,518	100,729	1,409,247
Accumulated other comprehensive income	(93,541)	(2,532)	(96,073)	(70,499)	(166,572)
Total shareholders' equity	202,741	(2,532)	200,209	(70,499)	129,710

(1) The change in Other assets due to SFAS No. 158 adoption adjustments includes an increase in deferred tax assets of $46,161 and a decrease in pension assets of $14,400.

Pension Benefits

We maintain noncontributory defined benefit pension plans for all of our domestic hourly and salaried employees. For the domestic salaried employees, plan benefits are based primarily on years of service and average compensation during the later years of employment. For hourly employees at Ravenswood, plan benefits are based primarily on a formula that provides a specific benefit for each year of service. Our funding policy is to contribute annually an amount based upon actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the minimum funding requirements of ERISA. Plan assets consist principally of U.S. equity securities, growth funds and fixed income accounts. In addition, we provide supplemental executive retirement benefits ("SERB") for certain executive officers. We use a measurement date of December 31st to determine the pension and OPEB benefit liabilities.

The hourly employees at Hawesville are part of a United Steelworkers of America ("USWA") sponsored multi-employer plan. Our contributions to the plan are determined at a fixed rate per hour worked. During the years ended December 31, 2006, 2005 and 2004, we contributed $1,585, $1,531 and $1,454, respectively, to the plan, and had no outstanding liability at year end.

Other Postretirement Benefits (OPEB)

In addition to providing pension benefits, we provide certain healthcare and life insurance benefits for substantially all domestic retired employees. We account for these plans in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires companies to accrue the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

Obligations and Funded Status

The change in benefit obligations and change in plan assets as of December 31 are as follows:

	Pension		OPEB	
	2006	2005	2006	2005
Change in benefit obligation				
Benefit obligation at beginning of year	$ 91,208	$ 80,293	$178,450	$147,936
Service cost	3,710	4,015	6,140	5,032
Interest cost	5,190	4,676	10,394	8,878
Plan changes	1,093	1,893	(4,840)	—
Losses	3,104	3,612	28,396	21,828
Benefits paid	(4,981)	(3,281)	(5,579)	(5,224)
Benefit obligation at end of year	$ 99,324	$ 91,208	$212,961	$178,450

	Pension 2006	Pension 2005	OPEB 2006	OPEB 2005
Change in plan assets				
Fair value of plan assets at beginning of year	$ 77,742	$ 67,190	$ —	$ —
Actual return (loss) on plan assets	7,923	3,492	—	—
Employer contributions	1,169	10,341	5,579	5,224
Benefits paid	(4,981)	(3,281)	(5,579)	(5,224)
Fair value of assets at end of year	$ 81,853	$ 77,742	$ —	$ —
Funded status of plans				
Funded status	$(17,471)	$(13,466)	$(212,961)	$(178,450)
Unrecognized actuarial loss	19,095	18,237	105,206	81,363
Unrecognized prior service cost (benefit)	4,089	3,540	(7,566)	(4,544)
Net asset (liability) recognized	$ 5,713	$ 8,311	$(115,321)	$(101,631)
Amounts Recognized in the Statement of Financial Position				
BEFORE ADOPTION OF SFAS NO. 158:				
Prepaid benefit cost	$ 17,402	$ 19,130	$ —	$ —
Accrued benefit liability	(12,413)	(11,543)	(115,321)	$(101,631)
Accumulated other comprehensive loss	724	724	—	—
Net amount recognized	$ 5,713	$ 8,311	$(115,321)	$(101,631)
AFTER ADOPTION OF SFAS NO. 158:				
Non-current assets	$ 3,002	$ —	$ —	$ —
Current liabilities	(1,234)	—	(6,546)	—
Non-current liabilities	(19,239)	—	(206,415)	—
Net amount recognized	$(17,471)	$ —	$(212,961)	$ —
Amounts Recognized in accumulated other comprehensive loss (pre-tax):				
Net unrecognized actuarial loss	$ 19,095	$ —	$105,206	$ —
Unrecognized prior service cost (benefit)	4,089	—	(7,566)	—
	$ 23,184	$ —	$ 97,640	$ —

Our pension plans' projected benefit obligation, accumulated benefit obligation, and fair value of plan assets as of December 31 are as follows:

	Projected Benefit Obligation 2006	Projected Benefit Obligation 2005	Accumulated Benefit Obligation 2006	Accumulated Benefit Obligation 2005	Fair Value of Plan assets 2006	Fair Value of Plan assets 2005
Hourly pension plan	$47,780	$46,227	$47,334	$45,768	$50,782	$48,464
Salaried pension plan	35,692	32,140	30,348	26,609	31,071	29,278
Supplemental executive benefits pension plan ("SERB")	15,852	12,841	15,852	11,544	—	—

There are no plan assets in the SERB due to the nature of the plan.

Components of Net periodic benefit cost and other amounts recognized in other comprehensive income:

Net Periodic Benefit Cost:

	Year Ended December 31,					
	Pension			OPEB		
	2006	2005	2004	2006	2005	2004
Service cost	$ 3,710	$ 4,015	$ 3,369	$ 6,140	$ 5,032	$ 4,082
Interest cost	5,190	4,676	4,261	10,394	8,878	7,336
Expected return on plan assets	(6,800)	(5,899)	(4,750)	—	—	—
Amortization of prior service costs	544	2,962	499	(1,818)	(879)	(337)
Amortization of net loss	1,144	634	668	4,555	3,715	1,830
Net periodic benefit cost	$ 3,788	$ 6,388	$ 4,047	$19,271	$16,746	$12,911

The estimated net unrecognized actuarial loss and unrecognized prior service cost (benefit) for our defined benefit pension plans expected to be amortized from accumulated other comprehensive income into net periodic benefit cost during 2007 are $905 and $727, respectively. The estimated net unrecognized actuarial loss and unrecognized prior service cost (benefit) for our OPEB plans expected to be amortized from accumulated other comprehensive income into net periodic benefit cost during 2007 is $5,751 and $(2,162), respectively.

Weighted average assumptions were used to determine benefit obligations at December 31:

	Pension Benefits 2006	Pension Benefits 2005	OPEB 2006	OPEB 2005
Discount rate	5.75%	5.50%	5.75%	5.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Measurement date	12/31/2006	12/31/2005	12/31/2006	12/31/2005

Weighted average assumptions were used to determine net periodic benefit cost for the years ended December 31:

	Pension 2006	Pension 2005	Pension 2004	OPEB 2006	OPEB 2005	OPEB 2004
Measurement date	12/31/2005	12/31/2004	12/31/2003	12/31/2005	12/31/2004	12/31/2003
Fiscal year end	12/31/2006	12/31/2005	12/31/2004	12/31/2006	12/31/2005	12/31/2004
Discount rate	5.50%	5.75%	6.25%	5.50%	5.75%	6.25%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return on plan assets	9.00%	9.00%	9.00%	—	—	—

In developing the long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our investments will generate long-term rates of return of 9.0%, based on target asset allocations discussed below.

Effect of Medicare Part D

Century's prescription drug programs are assumed to be actuarially equivalent and eligible for Medicare Part D subsidy as written into law on December 8, 2003. The approach used to measure this impact is based on our understanding of FASB Staff Position ("FSP") 106-2 published May 19, 2004. The impact was recognized during 2004 on a prospective basis. The effect of the Medicare Part D subsidy reduced the accumulated projected benefit obligation as of December 31, 2006 by $24,403, a decrease of approximately 10.3%.

For measurement purposes, medical cost inflation is initially estimated to be 10%, declining to 5% over six years and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations. A one-percentage-point change in the assumed health care cost trend rates would have had the following effects in 2006:

	One Percent Increase	One Percent Decrease
Effect on total of service and interest cost components	$ 3,786	$ (2,808)
Effect on accumulated postretirement benefit obligation	$ 38,024	$(30,417)

Century 401(k) Plans

We sponsor a tax-deferred savings plan under which eligible domestic employees may elect to contribute specified percentages of their compensation with Century. In 2006, 2005 and 2004, we provided matching contributions of 60% of the first 6% of a participant's annual compensation contributed to the savings plan. One half of our contribution is invested in the common stock of Century and the other half of our contribution is invested based on employee election. Our contributions to the savings plan were $558, $560, and $602 for the years ended December 31, 2006, 2005 and 2004, respectively. Shares of common stock of Century may be sold at any time. Employees are considered fully vested in the plan upon completion of two years of service. A year of service is defined as a plan year in which the employee works at least 1,000 hours.

Plan Assets

Our pension plans' weighted average asset allocations at December 31, 2006 and 2005, by asset category are as follows:

	Pension Plan Assets December 31,	
	2006	2005
Equity securities	66%	65%
Debt securities	34%	35%
	100%	100%

We seek a balanced return on plan assets through a diversified investment strategy. Our weighted average target allocation for plan assets is 65% equity securities and funds and 35% fixed income funds.

Our other postretirement benefit plans are unfunded. We fund these benefits as the retirees submit claims.

Pension and OPEB Cash Flows

Contributions

We expect to make approximately $1,200 in benefit payments for our unfunded SERB plan for 2007. While no mandatory pension plan contributions are required at this time, we may decide to make a voluntary contribution to the plans during the year. We expect to provide approximately $6,500 for benefit payments for our other postretirement benefit plans for the year ending December 31, 2007.

Estimated Future Benefit Payments

The following table provides the estimated future benefit payments for the pension and other postretirement benefit plans.

	Pension Benefits	OPEB Benefits
2007	$ 5,501	$ 6,546
2008	5,710	7,400
2009	5,965	8,429
2010	6,096	9,550
2011	6,223	10,509
2012 – 2016	33,718	60,649

8. Shareholders' Equity

Preferred Stock — Under our Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 5,000,000 shares of preferred stock, with a par value of one cent per share, in one or more series. The authorized, but unissued preferred shares may be issued with such dividend rates, conversion privileges, voting rights, redemption prices and liquidation preferences as the Board of Directors may determine, without action by shareholders. At December 31, 2006 and 2005, we had no outstanding Preferred Stock.

Common Stock — Under our Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 100 million shares of *common* stock.

9. Stock Based Compensation

1996 Stock Incentive Plan — We award performance-based and service-based (time vested) stock awards and grant qualified incentive and nonqualified stock options to our salaried officers, non-employee directors, and other key employees from our 1996 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan has 5,000,000 shares authorized for issuance with approximately 2,700,000 shares remaining in reserve at December 31, 2006. Granted stock options have a term of 10 years and typically vest one-third on the grant date and additional one-third on the first and second anniversary dates of the grant. Our non-employee director's annual option grants vest one-fourth each calendar quarter. In addition to the stock options, we grant service-based stock awards that typically vest over a period of three years from the date of grant provided that the recipient is still our employee at the time of vesting.

As of December 31, 2006, options to purchase 385,703 shares of common stock were outstanding and approximately 91,500 service-based stock awards have been authorized and will vest if the employee recipients are employed for the requisite service periods.

The Stock Incentive Plan provides for grants of performance share units upon the attainment of certain established performance goals. The performance share units represent the right to receive common stock, on a one-for-one basis on their vesting dates. As of December 31, 2006, approximately 230,000 performance share units have been authorized and will vest upon the attainment of the performance goals.

Non-Employee Directors Stock Option Plan — Our non-employee directors' stock option plan is no longer an active plan. As of December 31, 2006, this plan has 37,834 outstanding options, but no new options will be issued out of this plan.

A summary of the changes in options outstanding under our Stock Incentive Plan and the Non-Employee Directors Stock Option Plan during the year ended December 31, 2006 is presented below:

Options	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2006	453,661	$ 20.93		
Granted	156,500	39.78		
Exercised	(185,957)	18.54		
Forfeited	(667)	24.32		
Outstanding and expected to vest at December 31, 2006 (1)	423,537	$ 28.94	8.7	$ 6,726
Fully vested and exercisable at December 31, 2006	222,666	$ 26.04	8.1	$ 4,173

(1) We expect all of our outstanding options to vest as our forfeitures are immaterial.

Service-based share awards (1)	Number
Outstanding at January 1, 2006	59,000
Granted	39,500
Vested (Awarded)	(4,500)
Forfeited	(2,500)
Outstanding at December 31, 2006	91,500

(1) All of our service-based stock awards require the recipients to remain an employee for a certain period of time before the award vests. Recipients receive common stock upon vesting.

Non-vested Options:	Number	Weighted Average Fair Value
Non-vested options at January 1, 2006	205,430	$ 14.59
Granted	111,336	24.02
Vested	(115,228)	15.37
Forfeited	(667)	14.48
Non-vested options at December 31, 2006	200,871	$ 19.37

	Year ended December 31, 2006	2005	2004
Weighted average per share fair value of:			
Stock options grants	$ 24.38	$ 14.96	$ 14.12
Service-based share awards	36.12	24.15	23.15
Total intrinsic value of option exercises	$ 3,632	1,329	5,382
Share-based liabilities paid (1)	5,208	3,499	2,880
Total fair value of shares vested during the period	1,771	1,255	816

(1) Share based liabilities paid represent the fair value of shares issued on the vesting date to certain key employees under our performance share program.

Option Pricing Model – We estimate the fair value of each option and service-based share award using the Black-Scholes option-pricing model on the date of grant. We used the following assumptions to estimate the fair value of our share awards for 2006 and 2005.

	2006	2005
Risk-free interest rate	4.30-4.99%	3.98-4.36%
Expected dividend yield	$0.00	$0.00
Expected volatility	60%	67%
Expected forfeiture rate	5%	--
Expected term (years)	5.2	5.5

We estimated the expected term of the options using the method specified in the Securities and Exchange Commission's Staff Accounting Bulletin No. 107. The risk-free interest rate is based on the yield on the measurement date for zero-coupon U.S. Treasury bonds with terms similar to the expected life of the option. The dividend yield is zero, based on our current expectation to not pay dividends on our common stock for the foreseeable future. Expected volatility is estimated using the historical volatility of the price of our common stock over the expected term of the options. The expected forfeiture rate is based on our historical forfeiture rate after 1999.

The following table summarizes the compensation cost recognized for the year ended December 31, 2006, 2005 and 2004, respectively, for all options, service-based share and performance-based share awards. No share-based compensation cost was capitalized during these periods and there were no significant modifications of any share-based awards in 2006, 2005, or 2004.

	Year ended December 31, 2006	2005	2004
Compensation expense reported:			
Stock option grants	$ 4,358	$ --	$ --
Service-based stock awards	1,224	--	--
Performance-based stock grants	3,947	4,437	2,761
Total compensation expense before income tax	9,529	4,437	2,761
Income tax benefit	(3,516)	(1,597)	(994)
Total compensation expense, net of income tax benefit	$ 6,013	$ 2,840	$ 1,767

As of December 31, 2006, we had unrecognized compensation expense of $3,749 before taxes, related to non-vested stock options and service-based stock awards. This expense will be recognized over a weighted average period of 1.1 years. The unrecognized compensation expense is expected to be recognized over the following periods:

	2007	2008	2009
Stock-based compensation expense (pre-tax)	$2,607	$1,086	$56

During the year ended December 31, 2006, we received $3,453 from employees for the exercise of stock options. For the year ended December 31, 2006, we recorded a tax benefit of $1,394 related to these stock option exercises.

It has been our policy to issue new shares to satisfy the requirements of our stock-based compensation plans. We do not expect to repurchase shares in the future to support our stock-based compensation plans.

10. Earnings (Loss) Per Share

Basic earnings per common share ("EPS") amounts are computed by dividing earnings after the deduction of preferred stock dividends by the average number of common shares outstanding. The cumulative preferred stock dividends accumulated for the period were deducted from net income, as if declared, for the purpose of calculating EPS. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive common shares outstanding. The following table provides a reconciliation of the computation of the basic and diluted earnings (loss) per share for income (loss) (shares in thousands):

	For the fiscal year ended December 31,								
	2006			2005			2004		
	Income	Shares	Per Share	Income	Shares	Per Share	Income	Shares	Per Share
Net income (loss)	$(40,955)			$(116,255)			$33,482		
Less: Preferred stock dividends	--			--			(769)		
Basic EPS:									
Net income (loss) applicable to common shareholders	(40,955)	32,395	$(1.26)	(116,255)	32,136	$(3.62)	32,713	28,668	$1.14
Effect of Dilutive Securities:									
Incremental Shares from assumed conversion of stock options	--	--		--	--		--	107	
Diluted EPS:									
Net income (loss) applicable to common shareholders with assumed conversion	$(40,955)	32,395	$(1.26)	$(116,255)	32,136	$(3.62)	$32,713	28,775	$1.14

For the period ended December 31, 2006, 423,537 options to purchase common stock and 91,500 service-based share awards were outstanding, but were excluded from the calculation of diluted earnings per share because of the antidilutive effect. Based on the average price for our common stock for the year ended December 31, 2006, we would have issued approximately 1,091,000 shares upon an assumed conversion of our convertible debt. These shares were also excluded from the calculation of diluted earnings per share because of the antidilutive effect.

For the period ended December 31, 2005, 453,661 options to purchase common stock and 59,000 service-based share awards were outstanding, but were excluded from the calculation of diluted earnings per share because of the antidilutive effect. For the period ended December 31, 2004, 2,500 options to purchase common stock were excluded from the calculation of diluted earnings per share because of the antidilutive effect.

In 2005 and 2004, we assumed no conversion of our outstanding 1.75% convertible senior notes in calculating dilutive EPS because the conversion price had not been met.

11. Income Taxes

Significant components of the income tax expense consist of the following:

	Year Ended December 31,		
	2006	2005	2004
Current:			
U.S. federal current expense (benefit)	$ 62,279	$ 18,136	$ 6,378
State current expense (benefit)	11,840	2,727	--
Foreign current expense (benefit)	182	--	--
Total current expense (benefit)	74,301	$ 20,863	$ 6,378
Deferred:			
U.S. federal deferred expense (benefit)	(135,760)	(100,069)	8,748
State deferred benefit expense (benefit)	(27,165)	8,857	986
Foreign deferred expense (benefit)	36,583	(10,348)	2,084
Total deferred tax benefit expense (benefit)	(126,342)	(101,560)	11,818
Total income tax benefit expense (benefit)	$ (52,041)	$ (80,697)	$ 18,196

A reconciliation of the statutory U.S. Federal income tax rate to the effective income tax rate on income (loss) before cumulative effect of a change in accounting principle is as follows:

	2006	2005	2004
Federal statutory rate	35.0%	35.0%	35.0%
Effect of:			
Permanent differences	(0.8)	--	--
State taxes, net of Federal benefit	6.1	4.0	1.0
Foreign earnings taxed at rates different than the U.S.	10.8	2.0	--
Equity earnings in joint ventures	(3.4)	(2.0)	--
	47.7%	39.0%	36.0%

Permanent differences primarily relate to domestic production deduction, nondeductible executive compensation, meal and entertainment disallowance and other nondeductible expenses.

Significant components of our deferred tax assets and liabilities as of December 31 are as follows:

	2006	2005
Deferred tax assets:		
Accrued postretirement benefit cost	$ 38,549	$ 32,393
Accrued liabilities	8,536	9,359
Pension	--	2,998
Share-based compensation	2,159	--
Derivative and hedging contracts	252,760	114,939
Equity contra – other comprehensive loss	107,316	51,442
Other	675	6,404
Total deferred tax assets	$ 409,995	$ 217,535
Deferred tax liabilities:		
Tax over financial statement depreciation	$ (76,810)	$(109,545)
Pension	(1,955)	--
Income from domestic partnership	(12,636)	(12,107)
Unrepatriated foreign earnings	(12,032)	(8,449)
Foreign basis differences	(41,587)	(10,566)
Total deferred tax liabilities	$(145,020)	$(140,667)
Net deferred tax asset	$ 264,975	$ 76,868

The net deferred tax asset of $264,975 at December 31, 2006, is net of a non-current deferred foreign income tax liability of $41,587 and includes $103,110 of current deferred tax assets and $203,452 of non-current deferred tax assets. The net deferred tax asset of $76,868 at December 31, 2005, is net of a non-current deferred foreign income tax liability of $16,890 and includes $37,705 of current deferred tax assets and $56,053 of non-current deferred tax assets.

At December 31, 2006, we had net operating loss carryforwards of $4,500 which begin to expire in 2008.

We have not recorded deferred income taxes applicable to unrepatriated foreign earnings that are permanently reinvested outside the United States. If Nordural's earnings were not permanently reinvested, an additional deferred tax liability of $13,613 would have been reported at December 31, 2006.

12. Contingencies and Commitments

Environmental Contingencies

We believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, there can be no assurance that future requirements or conditions at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. ("CAWV") continues to perform remedial measures at our Ravenswood, West Virginia facility ("Ravenswood") pursuant to an order issued by the Environmental Protection Agency ("EPA") in 1994 (the "3008(h) Order"). CAWV also conducted a RCRA facility investigation ("RFI") under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. CAWV has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

Prior to our purchase of Hawesville, the EPA issued a final Record of Decision ("ROD") under the Comprehensive Environmental Response, Compensation and Liability Act. By agreement, Southwire is to perform all obligations under the ROD. Century Aluminum of Kentucky, LLC ("Century Kentucky") has agreed to operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

Century is a party to an EPA Administrative Order on Consent (the "Order") pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation ("Lockheed"), which sold the facility to one of our affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to the terms of the Lockheed–Vialco Asset Purchase Agreement. Management does not believe Vialco's liability under the Order or its indemnity to Lockheed will require material payments. Through December 31, 2006, we have expended approximately $708 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, we expect the future potential payments under this indemnification to comply with the Order will be approximately $500, which may be offset in part by sales of recoverable hydrocarbons.

In May 2005, Century and Vialco were among the defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. Lockheed has tendered indemnity and defense of the case to Vialco pursuant to terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees. Vialco and the other defendants have filed separate motions to dismiss asserting certain affirmative defenses including the statute of limitations. No ruling on those motions has been rendered as of this date.

In July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by ALCOA Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California which we purchased from ALCOA Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC (formerly Pechiney Rolled Products, LLC) in July 1999. The complaint also seeks costs and attorney fees.

In December, 2006, Vialco and the company that purchased the assets of Vialco in St. Croix in 1995 were named as defendants in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources. The complaint alleges the defendants failed to take certain actions specified in a Coastal Zone management permit issued to Vialco in October, 1994, and seeks statutory and other unspecified monetary penalties for the alleged violations. Vialco recently filed its answer to the complaint asserting factual and affirmative defenses.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $605 and $532 at December 31, 2006 and December 31, 2005, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and our inability to predict the requirements of future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance will not have a material adverse effect on our future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on our financial condition, results of operations, or liquidity.

Legal Contingencies

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity.

Power Commitments

Hawesville currently purchases substantially all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Approximately 73% of this power is at fixed prices. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corporation ("LG&E"), with delivery guaranteed by LG&E. For 2007, all but three percent (approximately 14 megawatts ("MW")) of our power requirements at Hawesville are priced. Hawesville's unpriced power requirements increase to 27% (126 MW) of its total power requirements in calendar years 2008 through 2010. Appalachian Power Company supplies all of Ravenswood's power requirements. After December 31, 2007, CAWV may terminate the agreement by providing 12 months notice of termination. Power delivered under the supply agreement is as set forth in published tariffs. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels.

The Mt. Holly facility ("Mt. Holly") purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. Mt. Holly's current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Nordural facility purchases power from Landsvirkjun, a power company owned by the Republic of Iceland, Hitaveita Suðurnesja hf. ("HS") and Orkuveita Reykjavíkur ("OR") under long-term contracts due to expire in 2019 and 2026 - 2028, respectively. The power delivered to Nordural is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources.

In April 2006, we announced an expansion of the Nordural facility from 220,000 metric tons per year ("mtpy") to 260,000 mtpy ("Phase V expansion") which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

In June 2006, Nordural signed a memorandum of understanding ("MOU") to purchase power from HS and OR for a planned primary aluminum reduction facility in Helguvik, Iceland. Under the agreement, power will be supplied to the planned Helguvik facility in stages, beginning with an initial phase of up to 250 MW, which will support production capacity of up to 150,000 mtpy. HS will provide up to 150 MW in this initial stage, and OR will supply up to 100 MW. Electricity delivery for this first phase is targeted for 2010. The MOU provides for a total of 435 MW, which will ultimately provide power for a 250,000 mtpy facility. The agreement is subject to the satisfaction of certain conditions related to the construction of the Helguvik facility.

Labor Commitments

Approximately 81% of our U.S. based work force is represented by the United Steelworkers of America (the "USWA"). In May 2006, our Hawesville, Kentucky plant employees represented by the USWA ratified a four-year collective bargaining agreement that will extend through April 1, 2010. The agreement covers approximately 600 hourly workers at the Hawesville plant.

On August 4, 2006, the membership of United Steelworkers Local 5668 voted to ratify a three-year labor agreement covering approximately 580 hourly workers at the Ravenswood facility that will extend through May 31, 2009.

Approximately 90% of Nordural's work force is represented by five labor unions under an agreement that expires on December 31, 2009.

Other Commitments and Contingencies

Our income tax returns are periodically examined by various tax authorities. We are currently under audit by the Internal Revenue Service ("IRS") for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. We are reviewing the issues raised by the IRS and have filed an administrative appeal with the IRS, contesting the proposed tax deficiencies. We believe our tax position is well supported and, based on current information, we do not believe that the outcome of the tax audit will have a material impact on our financial condition or results of operations.

At December 31, 2006 and December 31, 2005, we had outstanding capital commitments related to the completion of Nordural's expansion to 220,000 mtpy capacity ("Phase III/IV expansion") and the Phase V expansion projects of approximately $67,732 and $89,910, respectively. Our cost commitments for the Nordural expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Icelandic krona and the Euro.

In May 2006, we purchased foreign currency options with a notional value of $41,627 to hedge a portion of our foreign currency risk from our exposure to the Icelandic krona associated with capital expenditures from the ongoing 40,000 mtpy expansion to 260,000 mtpy at Nordural. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No.133") have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of December 31, 2006, the fair value of the options of $2,123 is recorded in other assets. Included in accumulated other comprehensive income is an after-tax unrealized gain of $317.

13. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, we are exposed to fluctuating raw material and primary aluminum prices. We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods.

Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I (1)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II (2)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum) (3)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement (1)(4)	BHP Billiton	130,000 mtpy	Through December 2013	LME-based
Glencore Tolling Agreement (2)(3)(4)	Glencore	90,000 mtpy	Through June 2016	LME-based

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tons to 130,000 metric tons of the annual production capacity at Nordural effective upon the completion of the Phase III/IV expansion to 220,000 mtpy.

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of the expansion capacity at Nordural. Deliveries under this agreement started in July 2006.

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(3) In December 2005, Glencore assigned to Hydro 50% of its tolling rights under this agreement for the period 2007 to 2010. Nordural consented to the assignment.

(4) Nordural's tolling revenues include a premium based on the European Union ("EU") import duty for primary aluminum. The European Commission has considered and is currently considering various proposals that would phase-out this import duty. While the import duty remains intact to date, any decrease in the EU import duty will negatively impact Nordural's revenue.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreements, we had forward delivery contracts to sell 132,726 metric tons and 107,546 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 2,538 metric tons and 4,643 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively, of which none were with Glencore at December 31, 2006 and 186 metric tons were with Glencore at December 31, 2005.

Financial Sales Agreements

To mitigate the volatility in our unpriced forward delivery contracts, we enter into fixed price financial sales contracts, which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is the counterparty for all of the contracts summarized below:

Primary Aluminum Financial Sales Contracts as of:

(Metric Tons)

	December 31, 2006			December 31, 2005		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
2006	--	--	--	142,750	51,000	193,750
2007	119,500	50,400	169,900	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009	--	105,000	105,000	--	105,000	105,000
2010	--	105,000	105,000	--	105,000	105,000
2011	--	75,000	75,000	--	75,000	75,000
2012-2015	--	300,000	300,000	--	300,000	300,000
Total	128,500	735,600	864,100	271,250	786,600	1,057,850

Substantially all of the contracts accounted for as derivatives contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 735,600 metric tons. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at December 31, 2006 or December 31, 2005.

Additionally, to mitigate the volatility of the natural gas markets, we enter into financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Natural Gas Financial Purchase Contracts as of:

(Thousands of DTH)

	December 31, 2006	December 31, 2005
2006	--	1,680
2007	2,200	780
2008	480	480
Total	2,680	2,940

Based on the fair value of our financial sales contracts for primary aluminum and financial purchase contracts for natural gas that qualify as cash flow hedges as of December 31, 2006, an accumulated other comprehensive loss (related to these contracts) of $83,786 is expected to be reclassified as a reduction to earnings over the next 12 month period.

We are party to fixed price financial sales contracts for primary aluminum with Glencore. In the event of a material adverse change in our creditworthiness, Glencore has the option to require a letter of credit, or any other acceptable security or collateral for outstanding balances on these contracts.

The forward financial sales and purchase contracts are subject to the risk of counterparty credit risk. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

14. Asset Retirement Obligations

Our asset retirement obligations consist primarily of costs associated with the disposal of spent pot liner used in the reduction cells of our facilities.

We adopted FIN No. 47, "Accounting for Conditional Asset Retirement Obligations" in 2005, and recorded an adjustment to our asset retirement obligations, the effect of which was not material.

The reconciliation of the changes in the asset retirement obligations is presented below:

	Year ended December 31,	
	2006	2005
Beginning balance, ARO liability	$ 11,808	$ 17,232
Additional ARO liability incurred	2,302	1,849
ARO liabilities settled	(2,236)	(3,330)
Accretion expense	990	1,370
FIN 47 adoption	--	(5,313)
Ending balance, ARO liability	$ 12,864	$ 11,808

15. Related Party Transactions

The significant related party transactions occurring during the years ended December 31, 2006, 2005, and 2004, are described below.

The Chairman of the Board of Directors of Century is a member of the Board of Directors of Glencore International AG. One of Century's Board members is the Chairman of the Board of Directors of Glencore International AG and Xstrata AG.

We enter into forward financial sales and hedging contracts with Glencore to help manage exposure to fluctuating primary aluminum prices. Management believes that all of our forward financial sales and hedge contracts with Glencore approximated market at the time of placing the contracts.

In August 2006, Falconbridge Limited, our indirect partner in the Gramercy Alumina and St. Ann Bauxite joint venture, was acquired by Xstrata PLC. Glencore, our largest shareholder, is a major shareholder in Xstrata.

Century of West Virginia has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Berkeley has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased alumina in transactions with Gramercy at cost.

Summary

A summary of the aforementioned related party transactions for the years ended December 31, 2006, 2005 and 2004 is as follows:

	Year Ended December 31, 2006	2005	2004
Net sales to Glencore	$259,531	$171,027	$163,209
Purchases from Glencore	185,462	129,757	131,427
Realized loss on financial sales contracts that do not qualify for cash flow hedge accounting	54,236	--	--
Gramercy alumina purchases	134,178	138,022	26,680

See Note 13 for a discussion of our fixed-price commitments, forward financial contracts, and contract settlements with related parties.

16. Supplemental Cash Flow Information

	Year Ended December 31, 2006	2005	2004
Cash paid for:			
Interest	$ 42,607	$ 30,358	$ 37,587
Income taxes	58,476	15,449	248
Cash received from:			
Interest	1,331	1,388	1,088
Income tax refunds	587	--	80
Non-cash investing activities:			
Accrued Nordural expansion costs	$ (6,679)	$ 6,170	$ 5,591

Non-Cash Activities

In 2006, 2005, and 2004, we issued shares of common stock to certain key employees as part of our performance share program. We issued shares to satisfy performance share liabilities of $2,867, $1,965, and $1,630 during the years 2006, 2005 and 2004, respectively. In May 2004, Glencore exercised its option to convert its shares of cumulative convertible preferred stock. We issued shares of common stock in exchange for Glencore's $25,000 of preferred stock.

During the years ended December 31, 2006, 2005, and 2004, we capitalized interest costs incurred in the construction of equipment of $8,861, $8,711, and $668, respectively.

17. Business Segments

We operate in one reportable business segment, primary aluminum.

A reconciliation of our consolidated assets to the total of primary aluminum segment assets is provided below.

Segment Assets (1)	2006	2005	2004
Primary	$ 2,159,429	$ 1,648,351	$ 1,307,168
Corporate, Unallocated	25,805	29,080	25,385
Total Assets	$ 2,185,234	$ 1,677,431	$ 1,332,553

(1) Segment assets include accounts receivable, due from affiliates, inventory, intangible assets, and property, plant and equipment-net; the remaining assets are unallocated corporate assets, and deferred tax assets.

Geographic information

Included in the consolidated financial statements are the following amounts related to geographic locations:

	2006	2005	2004
Net Sales:			
United States	$ 1,245,167	$ 992,442	$ 974,481
Other	313,399	139,920	86,266
Long-lived assets:			
United States	$ 569,124	$ 604,411	$ 615,618
Other	895,020	722,474	431,161

Major Customer information

In 2006 and 2005, we had four major customers whose sales revenue exceeded 10% of our net sales. In 2004, we had three major customers whose sales revenue exceeded 10% of our net sales. The revenue and percentage of net sales for these customers are as follows:

	Year Ended December 31, 2006		2005		2004	
	$	%	$	%	$	%
Southwire	420,100	27.0	294,468	26.0	258,320	24.4
Alcan	400,908	25.7	356,347	31.5	301,033	28.4
Glencore	259,531	16.7	171,027	15.1	163,209	15.4
BHP Billiton	229,524	14.7	137,736	12.2	--	--

18. Quarterly Information (Unaudited)

Financial results by quarter for the years ended December 31, 2006 and 2005 are as follows:

	Net Sales	Gross Profit	Net Income (Loss)	Net Income (Loss) Per Share
2006				
4th Quarter(1)	$424,367	$93,076	$(119,123)	$(3.67)
3rd Quarter(2)	381,277	70,974	173,939	5.36
2nd Quarter(3)	405,976	108,004	45,800	1.41
1st Quarter (4)	346,946	76,468	(141,571)	(4.39)
2005				
4th Quarter (5)	$292,874	$34,704	$(148,658)	$(4.62)
3rd Quarter (6)	270,836	30,058	(20,071)	(0.62)
2nd Quarter	283,256	45,348	40,744	1.27
1st Quarter	285,396	51,567	11,730	0.37

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(1) The fourth quarter of 2006 net income includes a charge of $174,250, net of tax, for loss on forward contracts offset by a gain on the sale of surplus land.

(2) The third quarter of 2006 net income includes a gain of $134,572, net of tax, for gain on forward contracts.

(3) The second quarter of 2006 net income includes a charge of $19,492, net of tax, for loss on forward contracts.

(4) The first quarter of 2006 net income includes a charge of $183,526, net of tax, for loss on forward contracts.

(5) The fourth quarter of 2005 net income includes a charge of $164,620, net of tax, for loss on forward contracts.

(6) The third quarter of 2005 net income includes a charge of $34,228, net of tax, for loss on forward contracts.

19. Condensed Consolidating Financial Information

Our 7.5% Senior Notes due 2014 and 1.75% Convertible Senior Notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries, except for Nordural US LLC. These notes are not guaranteed by our foreign subsidiaries (such subsidiaries and Nordural US LLC, collectively the "Non-Guarantor Subsidiaries"). During the second quarter of 2005, Century Aluminum of Kentucky, LLC (the "LLC") became a guarantor subsidiary. In the periods presented prior to 2005, the LLC was classified with the Non-Guarantor Subsidiaries. We allocate corporate expenses or income to our subsidiaries. For the years ended December 31, 2006, 2005, and 2004 we allocated total corporate expenses of $6,460, $2,211, and $1,452 to our subsidiaries, respectively. Additionally, we charge interest on certain intercompany balances.

The following summarized condensed consolidating balance sheets as of December 31, 2006 and December 31, 2005, condensed consolidating statements of operations for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 and the condensed consolidating statements of cash flows for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 present separate results for Century, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries, consolidating adjustments and total consolidated amounts.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had Century, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ 11,866	$ 84,499	$ —	$ 96,365
Restricted cash	2,011	—	—	—	2,011
Accounts receivable — net	98,690	14,681	—	—	113,371
Due from affiliates	55,853	6,779	752,954	(778,044)	37,542
Inventories	112,975	32,604	—	(169)	145,410
Prepaid and other assets	4,603	12,981	2,246	—	19,830
Deferred taxes — current portion	66,530	—	11,007	25,573	103,110
Total current assets	340,662	78,911	850,706	(752,640)	517,639
Investment in subsidiaries	22,229	—	20,967	(43,196)	—
Property, plant and equipment — net	436,980	780,879	918	—	1,218,777
Intangible asset — net	61,594	—	—	—	61,594
Goodwill	—	94,844	—	—	94,844
Other assets	41,599	19,297	368,913	(137,429)	292,380
Total assets	$ 903,064	$ 973,931	$ 1,241,504	$(933,265)	$2,185,234
Liabilities and shareholders' equity:					
Accounts payable – trade	$ 34,993	$ 29,804	$ 52	$ —	$ 64,849
Due to affiliates	381,853	56,665	73,734	(229,970)	282,282
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	30,105	—	—	30,105
Accrued and other current liabilities	21,381	4,522	49,240	—	75,143
Accrued employee benefits costs — current portion	9,803	—	1,280	—	11,083
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	455,845	121,096	299,306	(229,970)	646,277
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	309,331	—	—	309,331
Accrued pension benefit costs — less current portion	3,624	—	15,615	—	19,239
Accrued postretirement benefit costs — less current portion	205,092	—	1,323	—	206,415
Other liabilities/intercompany loan	215,839	353,997	—	(542,025)	27,811
Due to affiliates — less current portion	9,314	—	545,550	—	554,864
Deferred taxes	143,421	16,240	—	(118,074)	41,587
Total noncurrent liabilities	577,290	679,568	812,488	(660,099)	1,409,247
Shareholders' equity:					
Common stock	60	12	325	(72)	325
Additional paid-in capital	259,248	85,190	432,270	(344,438)	432,270
Accumulated other comprehensive income (loss)	(172,685)	2,791	(166,572)	169,894	(166,572)
Retained earnings (accumulated deficit)	(216,694)	85,274	(136,313)	131,420	(136,313)
Total shareholders' equity	(130,071)	173,267	129,710	(43,196)	129,710
Total liabilities and shareholders' equity	$ 903,064	$ 973,931	$ 1,241,504	$(933,265)	$2,185,234

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$ —	$ 19,005	$ (1,253)	$ —	$ 17,752
Restricted cash	2,028	—	—	—	2,028
Accounts receivable — net	73,540	9,476	—	—	83,016
Due from affiliates	60,246	—	703,995	(745,603)	18,638
Inventories	96,347	15,372	—	(283)	111,436
Prepaid and other assets	7,693	8,627	7,598	—	23,918
Deferred taxes — current portion	46,339	—	—	(8,634)	37,705
Total current assets	286,193	52,480	710,340	(754,520)	294,493
Investment in subsidiaries	15,205	—	146,166	(161,371)	—
Property, plant and equipment — net	458,618	613,368	308	(2,136)	1,070,158
Intangible asset — net	74,643	—	—	—	74,643
Goodwill	—	94,844	—	—	94,844
Other assets	54,049	8,951	156,242	(75,949)	143,293
Total assets	$ 888,708	$ 769,643	$1,013,056	$ (993,976)	$1,677,431
Liabilities and shareholders' equity:					
Accounts payable – trade	$ 36,670	$ 25,249	$ —	$ —	$ 61,919
Due to affiliates	138,615	52,208	15,485	(47,626)	158,682
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	581	—	—	581
Accrued and other current liabilities	19,994	3,357	31,514	(1,150)	53,715
Accrued employee benefits costs — current portion	8,139	—	1,194	—	9,333
Deferred tax liability – current	—	—	8,634	(8,634)	—
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	211,233	81,395	231,827	(57,410)	467,045
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	230,436	—	—	230,436
Revolving credit facility			8,069	—	8,069
Accrued pension benefit costs — less current portion	—	—	10,350	—	10,350
Accrued postretirement benefit costs — less current portion	95,731	—	929	—	96,660
Other liabilities/intercompany loan	397,778	327,073	—	(696,841)	28,010
Due to affiliates — less current portion	58,090	—	279,326	—	337,416
Deferred taxes	83,019	12,225	—	(78,354)	16,890
Total noncurrent liabilities	634,618	569,734	548,674	(775,195)	977,831
Shareholders' equity:					
Common stock	60	12	322	(72)	322
Additional paid-in capital	259,148	85,190	419,009	(344,338)	419,009
Accumulated other comprehensive income (loss)	(90,953)	—	(91,418)	90,953	(91,418)
Retained earnings (accumulated deficit)	(125,398)	33,312	(95,358)	92,086	(95,358)
Total shareholders' equity	42,857	118,514	232,555	(161,371)	232,555
Total liabilities and shareholders' equity	$ 888,708	$ 769,643	$1,013,056	$ (993,976)	$1,677,431

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$1,071,670	$ 227,365	$ —	$ —	$1,299,035
Related parties	180,478	79,053	—	—	259,531
	1,252,148	306,418	—	—	1,558,566
Cost of goods sold	1,000,879	213,469	—	(4,304)	1,210,044
Gross profit	251,269	92,949	—	4,304	348,522
Selling, general and admin expenses	38,567	796	—	—	39,363
Operating income	212,702	92,153	—	4,304	309,159
Interest expense – third party	(24,632)	(12,370)	—	—	(37,002)
Interest expense – affiliates	30,699	(30,699)	—	—	—
Interest income	1,254	451	—	—	1,705
Net loss on forward contracts	(389,839)	—	—	—	(389,839)
Other income (expense) – net	7,132	(234)	—	—	6,898
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(162,684)	49,301	—	4,304	(109,079)
Income tax (expense) benefit	56,297	(2,707)	—	(1,549)	52,041
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(106,387)	46,594	—	2,755	(57,038)
Equity in earnings (loss) of subsidiaries and joint ventures	17,383	5,366	(40,955)	34,289	16,083
Net income (loss)	$ (89,004)	$ 51,960	$ (40,955)	$ 37,044	$ (40,955)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 824,072	$ 137,263	$ —	$ —	$ 961,335
Related parties	171,027	—	—	—	171,027
	995,099	137,263	—	—	1,132,362
Cost of goods sold	884,241	95,820	—	(9,376)	970,685
Gross profit	110,858	41,443	—	9,376	161,677
Selling, general and admin expenses	34,314	459	—	—	34,773
Operating income	76,544	40,984	—	9,376	126,904
Interest expense – third party	(24,832)	(836)	—	—	(25,668)
Interest expense – affiliates	24,451	(24,451)	—	—	—
Interest income	1,011	356	—	—	1,367
Net loss on forward contracts	(309,698)	—	—	—	(309,698)
Loss on early extinguishment of debt	(835)	—	—	—	(835)
Other income (expense) – net	(428)	703	—	—	275
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(233,787)	16,756	—	9,376	(207,655)
Income tax (expense) benefit	81,803	2,298	—	(3,404)	80,697
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(151,984)	19,054	—	5,972	(126,958)
Equity in earnings (loss) of subsidiaries and joint ventures	8,847	4,932	(116,255)	113,179	10,703
Net income (loss)	$(143,137)	$ 23,986	$(116,255)	$ 119,151	$(116,255)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 811,705	$ 85,833	$ —	$ —	$ 897,538
Related parties	163,209	—	—	—	163,209
	974,914	85,833	—	—	1,060,747
Cost of goods sold	805,267	407,650	—	(337,457)	875,460
Reimbursement from owners	—	(337,738)	—	337,738	—
Gross profit (loss)	169,647	15,921	—	(281)	185,287
Selling, general and admin expenses	24,916	—	—	—	24,916
Operating income (loss)	144,731	15,921	—	(281)	160,371
Interest expense – third party	(36,281)	(3,665)	—	—	(39,946)
Interest expense – related party	(380)	(9,078)	—	9,078	(380)
Interest income	9,872	172	—	(8,958)	1,086
Net loss on forward contracts	(21,521)	—	—	—	(21,521)
Loss on early extinguishment of debt	(47,448)	—	—	—	(47,448)
Other income (expense) – net	(1,380)	43	—	32	(1,305)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	47,593	3,393	—	(129)	50,857
Income tax (expense) benefit	(17,218)	(5,709)	—	4,731	(18,196)
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	30,375	(2,316)	—	4,602	32,661
Equity earnings (loss) of subsidiaries and joint ventures	(7,642)	821	33,482	(25,840)	821
Net income (loss)	$ 22,733	$ (1,495)	$ 33,482	$ (21,238)	$ 33,482

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$146,868	$ 38,485	$ —	$185,353
Investing activities:				
Purchase of property, plant and equipment	(15,599)	(7,294)	(709)	(23,602)
Nordural expansion	—	(193,511)	—	(193,511)
Proceeds from sale of property, plant and equipment	7,620	139	—	7,759
Restricted and other cash deposits	(2,583)	—	—	(2,583)
Net cash used in investing activities	(10,562)	(200,666)	(709)	(211,937)
Financing activities:				
Borrowings of long-term debt	—	109,000	—	109,000
Repayment of long-term debt	—	(581)	—	(581)
Repayment of revolving credit facility	—	—	(8,069)	(8,069)
Excess tax benefits from share-based compensation	—	—	1,394	1,394
Intercompany transactions	(136,306)	46,623	89,683	—
Issuance of common stock	—	—	3,453	3,453
Net cash provided by (used in) financing activities	(136,306)	155,042	86,461	105,197
Net increase (decrease) in cash and cash equivalents	—	(7,139)	85,752	78,613
Cash and cash equivalents, beginning of the period	—	19,005	(1,253)	17,752
Cash and cash equivalents, end of period	$ —	$ 11,866	$ 84,499	$ 96,365

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 103,122	$ 31,814	$ —	$ 134,936
Investing activities:				
Purchase of property, plant and equipment	(15,515)	(2,176)	(336)	(18,027)
Nordural expansion	—	(280,086)	—	(280,086)
Acquisitions	—	—	(7,000)	(7,000)
Proceeds from sale of property, plant and equipment	6	118		124
Restricted cash deposits	(350)	—	—	(350)
Net cash used in investing activities	(15,859)	(282,144)	(7,336)	(305,339)
Financing activities:				
Borrowings of long-term debt	—	222,937	—	222,937
Repayment of long-term debt	—	(73,334)	(9,945)	(83,279)
Borrowings under revolving credit facility	—	—	8,069	8,069
Financing fees	—	(4,307)	(825)	(5,132)
Dividends	—	—	(16)	(16)
Intercompany transactions	(87,448)	122,280	(34,832)	—
Issuance of common stock	—	—	1,408	1,408
Net cash provided by (used in) financing activities	(87,448)	267,576	(36,141)	143,987
Net increase (decrease) in cash and cash equivalents	(185)	17,246	(43,477)	(26,416)
Cash and cash equivalents, beginning of the period	185	1,759	42,224	44,168
Cash and cash equivalents, end of period	$ —	$ 19,005	$ (1,253)	$ 17,752

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 14,071	$ 91,757	$ —	$ 105,828
Investing activities:				
Purchase of property, plant and equipment	(6,814)	(8,426)	—	(15,240)
Nordural expansion	—	(59,784)	—	(59,784)
Acquisitions	—	—	(198,584)	(198,584)
Restricted cash deposits	(1,174)	(504)	—	(1,678)
Net cash used in investing activities	(7,988)	(68,714)	(198,584)	(275,286)
Financing activities:				
Borrowings of long-term debt	—	883	425,000	425,883
Repayment of long-term debt	—	(110,826)	(315,055)	(425,881)
Repayment of related party debt	—	—	(14,000)	(14,000)
Financing fees	—	—	(13,062)	(13,062)
Dividends	—	—	(3,311)	(3,311)
Intercompany transactions	(6,002)	88,659	(82,657)	—
Issuance of common stock	—	—	215,793	215,793
Net cash provided by (used in) financing activities	(6,002)	(21,284)	212,708	185,422
Net increase in cash and cash equivalents	81	1,759	14,124	15,964
Cash and cash equivalents, beginning of the period	104	—	28,100	28,204
Cash and cash equivalents, end of period	$ 185	$ 1,759	$ 42,224	$ 44,168

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

As of December 31, 2006, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were effective.

Internal Control over Financial Reporting

The Management's Annual Report on Internal Control over Financial Reporting is included herein at Item 8 prior to the Consolidated Financial Statement presentation.

The Attestation Report of the Independent Registered Public Accounting Firm is included herein at Item 8 prior to the Consolidated Financial Statement presentation.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2006, there have not been any changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by April 30, 2007, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by April 30, 2007. Information regarding the Executive Officers of the Registrant is included in Part I of this Form 10-K.

Item 11. ***Executive Compensation***

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by April 30, 2007, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by April 30, 2007.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by April 30, 2007, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by April 30, 2007.

Item 13. ***Certain Relationships and Related Transactions***

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by April 30, 2007, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by April 30, 2007.

Item 14. ***Principal Accountant Fees and Services***

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by April 30, 2007, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by April 30, 2007.

PART IV

Item 15. ***Exhibit and Financial Statement Schedules***

(a)(1) List of Financial Statements

The following Consolidated Financial Statements of Century Aluminum Company and the Independent Auditors' Report are included in Part II, Item 8 of this Form 10-K.

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of December 31, 2006 and 2005

Consolidated Statements of Operations for the years ended December 31, 2006, 2005 and 2004.

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2006, 2005 and 2004.

Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004.

Notes to the Consolidated Financial Statements.

(a)(2) List of Financial Statement Schedules

Report of Independent Registered Public Accounting Firm.

Schedule II — Valuation and Qualifying Accounts for the years ended December 31, 2006, 2005 and 2004.

(a)(3) List of Exhibits

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
3.1	Restated Certificate of Incorporation of Century Aluminum Company, as amended	8-K	000-27918	August 16, 2005	
3.2	Amended and Restated Bylaws of Century Aluminum Company	8-K	000-27918	August 16, 2005	
4.1	Form of Stock Certificate	S-1	33-95486	August 8, 1995	
4.2	Indenture for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	
4.3	Supplemental Indenture No. 1 for Century Aluminum Company's 7.5% Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.4	Supplemental Indenture No. 2 for Century Aluminum Company's 7.5% Senior Notes, dated as of December 29, 2006 among Century Aluminum Company, as Issuer, NSA General Partnership, as a Guarantor and Wilmington Trust Company, as Trustee	10-K	000-27918	March 16, 2006	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.5	Supplemental Indenture No. 3 for Century Aluminum Company's 7.5% Senior Notes, dated as of December 21, 2006 among Century Aluminum Company, as Issuer, Century California LLC, as a Guarantor and Wilmington Trust Company, as Trustee				X
4.6	Indenture for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.7	Supplemental Indenture No. 1 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.8	Supplemental Indenture No. 2 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.9	Supplemental Indenture No. 3 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.10	Supplemental Indenture No. 4 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of December 29, 2005, among Century Aluminum Company, as issuer, NSA General Partnership, as a Guarantor, and Wilmington Trust Company, as trustee	10-K	000-27918	March 16, 2006	
4.11	Supplemental Indenture No. 5 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of December 21, 2006, among Century Aluminum Company, as issuer, Century California LLC, as a Guarantor, and Wilmington Trust Company, as trustee				X
10.1	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 2002	
10.2	Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Gerald J. Kitchen*	10-K	000-27918	February 26, 2004	
10.3	Second Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.4	Consulting Agreement, effective as of January 1, 2006, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	
10.5	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 2002	
10.6	First Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and David W. Beckley*	10-K	000-27918	February 26, 2004	
10.7	Second Amendment to Employment Agreement, dated as of March 22, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 5, 2005	
10.8	Third Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	
10.9	Employment Agreement, effective as October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.10	Employment Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W. Kruger*	10-K	000-27918	March 16, 2006	
10.11	Employment Agreement, dated as of January 23, 2006, by and between Century Aluminum Company and Michael A. Bless*	8-K	000-27918	January 25, 2006	
10.12	Employment Agreement, dated as of May 1, 2006, by and between Century Aluminum Company and Robert R. Nielsen*	8-K	000-27918	May 4, 2006	
10.13	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	
10.14	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	
10.15	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and E. Jack Gates*	10-Q	000-27918	August 9, 2005	
10.16	Severance Protection Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W Kruger*	10-K	000-27918	March 16, 2006	
10.17	Severance Protection Agreement, dated as of January 23, 2006, by and between Century Aluminum Company and Michael A. Bless*	8-K	000-27918	January 23, 2006	
10.18	Severance Protection Agreement, dated as of May 1, 2006, by and between Century Aluminum Company and Robert R. Nielsen*	8-K	000-27918	May 4, 2006	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.19	Non-Employee Directors Stock Option Plan*	S-1	33-95486	March 28, 1996	
10.20	Century Aluminum Company Incentive Compensation Plan (Amended and Restated Effective June 9, 2006)*	8-K	000-27918	June 14, 2006	
10.21	Amended and Restated 1996 Stock Incentive Plan*	8-K	000-27918	August 16, 2005	
10.22	Form of Stock Option Agreement – Employee	10-K	000-27918	March 16, 2006	
10.23	Form of Stock Option Agreement – Non-Employee Director	10-K	000-27918	March 16, 2006	
10.24	Century Aluminum Company Amended and Restated 1996 Stock Incentive Plan Implementation Guidelines For Performance Share Awards (as amended June 8, 2006)*	8-K	000-27918	June 14, 2006	
10.25	Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	May 14, 2002	
10.26	First Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-K	000-27918	March 16, 2005	
10.27	Second Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	August 9, 2005	
10.28	Amended and Restated Asset Purchase Agreement, dated as of December 13, 1988, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Acquisition Corporation	S-1	33-95486	March 28, 1996	
10.29	Acquisition Agreement, dated July 19, 1995, by and between Virgin Islands Alumina Corporation and St. Croix Alumina, L.L.C.	S-1	33-95486	March 28, 1996	
10.30	Ravenswood Environmental Services Agreement, dated as of February 7, 1989, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Aluminum Corporation	S-1	33-95486	March 28, 1996	
10.31	Asset Purchase Agreement, dated as of March 31, 2000, by and between Xstrata Aluminum Corporation and Berkeley Aluminum, Inc.	8-K	000-27918	April 20, 2000	
10.32	Form of Tax Sharing Agreement	S-1	33-95486	March 28, 1996	
10.33	Form of Disaffiliation Agreement	S-1	33-95486	March 28, 1996	
10.34	Amended and Restated Owners Agreement, dated as of January 26, 1996, by and between Alumax of South Carolina, Inc., Berkeley Aluminum, Inc. and Glencore Primary Aluminum Company LLC	S-1	33-95486	March 28, 1996	
10.35	Alumina Supply Contract, dated April 26, 2006, by and between Century Aluminum of West Virginia and Glencore AG.	8-K	000-27918	May 11, 2006	
10.36	Alumina Supply Contract, dated January 1, 2001, by and between Berkeley Aluminum and Glencore AG	10-Q	000-27918	May 14, 2002	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.37	Amended and Restated Toll Conversion Agreement, dated as of February 10, 2005, by Nordural ehf and Glencore AG	10-Q	000-27918	August 9, 2005	
10.38	Purchase Agreement, dated as of May 17, 2004, among Kaiser Aluminum & Chemical Corporation, Kaiser Bauxite Company, Gramercy Alumina LLC and St. Ann Bauxite Limited**	10-Q	000-27918	November 9, 2004	
10.39	Loan Agreement, dated as of February 10, 2005, among Nordural ehf., the several lenders from time to time parties thereto, Landsbanki Islands hf., as administrative agent and Kaupthing Bank hf., as security trustee	S-1/A	333-121255	February 16, 2005	
10.40	Accounts Pledge Agreement, dated as of February 10, 2005, among Nordural ehf., Kaupthing Bank hf., as security trustee and Kaupthing Bank hf. and Landsbanki Íslands hf. as account banks	S-4/A	333-121729	February 11, 2005	
10.41	Declaration of Pledge, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.42	Securities Pledge Agreement, dated as of February 10, 2005, among Nordural Holdings I ehf., Nordural Holdings II ehf., Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.43	General Bond, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.44	Loan and Security Agreement, dated as of September 19, 2005, by and among Bank of America, N.A., Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., and NSA LTD.	10-Q	000-27918	November 9, 2005	
21.1	List of Subsidiaries				X
23.1	Consent of Deloitte & Touche LLP				X
24.1	Powers of Attorney				X
31.1	Rule 13a-14(a)/15d-14(a) Certification – Chief Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification – Chief Financial Officer				X
32.1	Section 1350 Certifications				X

* Management contract or compensatory plan.

** Schedules and exhibits are omitted and will be furnished to the Securities and Exchange Commission upon request.

*** Confidential information was omitted from this exhibit pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTURY ALUMINUM COMPANY

By: /s/ MICHAEL A. BLESS
Michael A. Bless
Executive Vice President
and Chief Financial Officer

Dated: March 1, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ LOGAN W. KRUGER Logan W. Kruger	Chief Executive Officer	March 1, 2007
/s/ MICHAEL A. BLESS Michael A. Bless	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 1, 2007
/s/ STEVE SCHNEIDER Steve Schneider	Senior Vice President and Chief Accounting Officer and Controller (Principal Accounting Officer)	March 1, 2007
* Craig A. Davis	Chairman	March 1, 2007
* Jarl Berntzen	Director	March 1, 2007
* Robert E. Fishman	Director	March 1, 2007
* John C. Fontaine	Director	March 1, 2007
* John P. O'Brien	Director	March 1, 2007
* Willy R. Strothotte	Director	March 1, 2007
* Jack E. Thompson	Director	March 1, 2007
*By: /s/ ROBERT R. NIELSEN Robert R. Nielsen, as Attorney-in-fact	Director	March 1, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Century Aluminum Company:

We have audited the consolidated financial statements of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2006 and 2005, and for each of the three years in the period ended December 31, 2006, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, and have issued our reports thereon dated February 28, 2007 (the report on the audit of the consolidated financial statements expressed an unqualified opinion and includes an explanatory paragraph as to the adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*); such consolidated financial statements and reports are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Pittsburgh, Pennsylvania
February 28, 2007

CENTURY ALUMINUM COMPANY

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Charged To Cost and Expense	Deductions	Balance at End of Period
	(Dollars in Thousands)			
YEAR ENDED DECEMBER 31, 2004:				
Allowance for doubtful trade accounts receivable	$3,968	$279	$3,227	$1,020
YEAR ENDED DECEMBER 31, 2005:				
Allowance for doubtful trade accounts receivable	$1,020	$ —	$ 20	$1,000
YEAR ENDED DECEMBER 31, 2006:				
Allowance for doubtful trade accounts receivable	$1,000	$ —	$ —	$1,000

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference: Form	File No.	Filing Date	Filed Herewith
3.1	Restated Certificate of Incorporation of Century Aluminum Company, as amended	8-K	000-27918	August 16, 2005	
3.2	Amended and Restated Bylaws of Century Aluminum Company	8-K	000-27918	August 16, 2005	
4.1	Form of Stock Certificate	S-1	33-95486	August 8, 1995	
4.2	Purchase Agreement for Century Aluminum Company's 7.5% Senior Notes, dated August 10, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	
4.3	Registration Rights Agreement for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, the guarantors party thereto and Credit Suisse First Boston LLC, as Representative of the Initial Purchasers	8-K	000-27918	September 1, 2004	
4.4	Indenture for Century Aluminum Company's 7.5% Senior Notes, dated as of August 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	September 1, 2004	
4.5	Supplemental Indenture No. 1 for Century Aluminum Company's 7.5% Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.6	Supplemental Indenture No. 2 for Century Aluminum Company's 7.5% Senior Notes, dated as of December 29, 2006 among Century Aluminum Company, as Issuer, NSA General Partnership, as a Guarantor and Wilmington Trust Company, as Trustee	10-K	000-27918	March 16, 2006	
4.7	Supplemental Indenture No. 3 for Century Aluminum Company's 7.5% Senior Notes, dated as of December 21, 2006 among Century Aluminum Company, as Issuer, Century California LLC, as a Guarantor and Wilmington Trust Company, as Trustee				X
4.8	Purchase Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 30, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the several purchasers	10-Q	000-27918	November 9, 2004	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
4.9	Registration Rights Agreement for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company and Credit Suisse First Boston LLC, as representative of the initial purchasers set forth therein	S-1	333-121255	December 14, 2004	
4.10	Indenture for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of August 9, 2004, between Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.11	Supplemental Indenture No. 1 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.12	Supplemental Indenture No. 2 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of October 26, 2004, among Century Aluminum Company, as issuer, the guarantors party thereto and Wilmington Trust Company, as trustee	8-K	000-27918	November 1, 2004	
4.13	Supplemental Indenture No. 3 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of July 27, 2005, among Century Aluminum Company, as issuer, Century Kentucky, LLC, as a guarantor, and Wilmington Trust Company, as trustee	10-Q	000-27918	August 9, 2005	
4.14	Supplemental Indenture No. 4 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of December 29, 2005, among Century Aluminum Company, as issuer, NSA General Partnership, as a Guarantor, and Wilmington Trust Company, as trustee	10-K	000-27918	March 16, 2006	
4.15	Supplemental Indenture No. 5 for Century Aluminum Company's 1.75% Convertible Senior Notes, dated as of December 21, 2006, among Century Aluminum Company, as issuer, Century California LLC, as a Guarantor, and Wilmington Trust Company, as trustee				X
10.1	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	May 14, 2002	
10.2	Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and Gerald J. Kitchen*	10-K	000-27918	February 26, 2004	
10.3	Second Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.4	Consulting Agreement, effective as of January 1, 2006, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	
10.5	Employment Agreement, effective as of January 1, 2002, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 14, 2002	
10.6	First Amendment to Employment Agreement, effective as of December 9, 2003, by and between Century Aluminum Company and David W. Beckley*	10-K	000-27918	February 26, 2004	
10.7	Second Amendment to Employment Agreement, dated as of March 22, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	May 5, 2005	
10.8	Third Amendment to Employment Agreement, dated as of June 28, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	
10.9	Employment Agreement, effective as October 14, 2003, by and between Century Aluminum Company and E. Jack Gates*	10-K	000-27918	February 26, 2004	
10.10	Employment Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W. Kruger*	10-K	000-27918	March 16, 2006	
10.11	Employment Agreement, dated as of January 23, 2006, by and between Century Aluminum Company and Michael A. Bless*	8-K	000-27918	January 25, 2006	
10.12	Employment Agreement, dated as of May 1, 2006, by and between Century Aluminum Company and Robert R. Nielsen*	8-K	000-27918	May 4, 2006	
10.13	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and Gerald J. Kitchen*	10-Q	000-27918	August 9, 2005	
10.14	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and David W. Beckley*	10-Q	000-27918	August 9, 2005	
10.15	Amended and Restated Severance Protection Agreement, dated as of August 1, 2005, by and between Century Aluminum Company and E. Jack Gates*	10-Q	000-27918	August 9, 2005	
10.16	Severance Protection Agreement, dated as of December 13, 2005, by and between Century Aluminum Company and Logan W Kruger*	10-K	000-27918	March 16, 2006	
10.17	Severance Protection Agreement, dated as of January 23, 2006, by and between Century Aluminum Company and Michael A. Bless*	8-K	000-27918	January 23, 2006	
10.18	Severance Protection Agreement, dated as of May 1, 2006, by and between Century Aluminum Company and Robert R. Nielsen*	8-K	000-27918	May 4, 2006	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.19	Non-Employee Directors Stock Option Plan*	S-1	33-95486	March 28, 1996	
10.20	Century Aluminum Company Incentive Compensation Plan (Amended and Restated Effective June 9, 2006)*	8-K	000-27918	June 14, 2006	
10.21	Amended and Restated 1996 Stock Incentive Plan*	8-K	000-27918	August 16, 2005	
10.22	Form of Stock Option Agreement – Employee	10-K	000-27918	March 16, 2006	
10.23	Form of Stock Option Agreement – Non-Employee Director	10-K	000-27918	March 16, 2006	
10.24	Century Aluminum Company Amended and Restated 1996 Stock Incentive Plan Implementation Guidelines For Performance Share Awards (as amended June 8, 2006)*	8-K	000-27918	June 14, 2006	
10.25	Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	May 14, 2002	
10.26	First Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-K	000-27918	March 16, 2005	
10.27	Second Amendment of the Century Aluminum Company Supplemental Retirement Income Benefit Plan*	10-Q	000-27918	August 9, 2005	
10.28	Amended and Restated Asset Purchase Agreement, dated as of December 13, 1988, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Acquisition Corporation	S-1	33-95486	March 28, 1996	
10.29	Acquisition Agreement, dated July 19, 1995, by and between Virgin Islands Alumina Corporation and St. Croix Alumina, L.L.C.	S-1	33-95486	March 28, 1996	
10.30	Ravenswood Environmental Services Agreement, dated as of February 7, 1989, by and between Kaiser Aluminum & Chemical Corporation and Ravenswood Aluminum Corporation	S-1	33-95486	March 28, 1996	
10.31	Asset Purchase Agreement, dated as of March 31, 2000, by and between Xstrata Aluminum Corporation and Berkeley Aluminum, Inc.	8-K	000-27918	April 20, 2000	
10.32	Form of Tax Sharing Agreement	S-1	33-95486	March 28, 1996	
10.33	Form of Disaffiliation Agreement	S-1	33-95486	March 28, 1996	
10.34	Amended and Restated Owners Agreement, dated as of January 26, 1996, by and between Alumax of South Carolina, Inc., Berkeley Aluminum, Inc. and Glencore Primary Aluminum Company LLC	S-1	33-95486	March 28, 1996	
10.35	Alumina Supply Contract, dated April 26, 2006, by and between Century Aluminum of West Virginia and Glencore AG.	8-K	000-27918	May 11, 2006	
10.36	Alumina Supply Contract, dated January 1, 2001, by and between Berkeley Aluminum and Glencore AG	10-Q	000-27918	May 14, 2002	

Exhibit Number	Description of Exhibit	Incorporated by Reference Form	File No.	Filing Date	Filed Herewith
10.37	Amended and Restated Toll Conversion Agreement, dated as of February 10, 2005, by Nordural ehf and Glencore AG	10-Q	000-27918	August 9, 2005	
10.38	Purchase Agreement, dated as of May 17, 2004, among Kaiser Aluminum & Chemical Corporation, Kaiser Bauxite Company, Gramercy Alumina LLC and St. Ann Bauxite Limited**	10-Q	000-27918	November 9, 2004	
10.39	Loan Agreement, dated as of February 10, 2005, among Nordural ehf., the several lenders from time to time parties thereto, Landsbanki Islands hf., as administrative agent and Kaupthing Bank hf., as security trustee	S-1/A	333-121255	February 16, 2005	
10.40	Accounts Pledge Agreement, dated as of February 10, 2005, among Nordural ehf., Kaupthing Bank hf., as security trustee and Kaupthing Bank hf. and Landsbanki Íslands hf. as account banks	S-4/A	333-121729	February 11, 2005	
10.41	Declaration of Pledge, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.42	Securities Pledge Agreement, dated as of February 10, 2005, among Nordural Holdings I ehf., Nordural Holdings II ehf., Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.43	General Bond, dated as of February 10, 2005, between Nordural ehf. and Kaupthing Bank hf., as security trustee	S-4/A	333-121729	February 11, 2005	
10.44	Loan and Security Agreement, dated as of September 19, 2005, by and among Bank of America, N.A., Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Kentucky, Inc., and NSA LTD.	10-Q	000-27918	November 9, 2005	
21.1	List of Subsidiaries				X
23.1	Consent of Deloitte & Touche LLP				X
24.1	Powers of Attorney				X
31.1	Rule 13a-14(a)/15d-14(a) Certification – Chief Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification – Chief Financial Officer				X
32.1	Section 1350 Certifications				X

* Management contract or compensatory plan.

** Schedules and exhibits are omitted and will be furnished to the Securities and Exchange Commission upon request.

*** Confidential information was omitted from this exhibit pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

APPENDIX IV

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007.

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______.

Commission file number 0-27918

Century Aluminum Company

(Exact name of Registrant as specified in its Charter)

Delaware	**13-3070826**
(State of Incorporation)	(IRS Employer Identification No.)
2511 Garden Road **Building A, Suite 200** **Monterey, California**	**93940**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (831) 642-9300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

The registrant had 32,585,080 shares of common stock outstanding at April 30, 2007.

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)
(Unaudited)

	March 31, 2007	December 31, 2006
ASSETS		
Cash and cash equivalents	$168,124	$96,365
Restricted cash	2,011	2,011
Accounts receivable — net	112,924	113,371
Due from affiliates	22,468	37,542
Inventories	163,843	145,410
Prepaid and other current assets	19,573	19,830
Deferred taxes — current portion	95,567	103,110
Total current assets	584,510	517,639
Property, plant and equipment — net	1,230,084	1,218,777
Intangible asset — net	58,097	61,594
Goodwill	94,844	94,844
Other assets	280,411	292,380
TOTAL	$2,247,946	$2,185,234
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$84,471	$64,849
Due to affiliates	279,318	282,282
Accrued and other current liabilities	55,549	75,143
Long term debt — current portion	14,611	30,105
Accrued employee benefits costs — current portion	11,083	11,083
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Total current liabilities	627,847	646,277
Senior unsecured notes payable	250,000	250,000
Nordural debt	325,176	309,331
Accrued pension benefits costs — less current portion	19,912	19,239
Accrued postretirement benefits costs — less current portion	210,885	206,415
Due to affiliates – less current portion	502,669	554,864
Other liabilities	42,974	27,811
Deferred taxes	47,461	41,587
Total noncurrent liabilities	1,399,077	1,409,247
CONTINGENCIES AND COMMITMENTS (NOTE 7)		
SHAREHOLDERS' EQUITY:		
Common stock (one cent par value, 100,000,000 shares authorized; 32,580,662 and 32,457,670 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively)	326	325
Additional paid-in capital	437,375	432,270
Accumulated other comprehensive loss	(136,715)	(166,572)
Accumulated deficit	(79,964)	(136,313)
Total shareholders' equity	221,022	129,710
TOTAL	$2,247,946	$2,185,234

See notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three months ended March 31, 2007	2006
NET SALES:		
Third-party customers	$380,853	$298,473
Related parties	66,804	48,473
	447,657	346,946
Cost of goods sold	337,005	270,478
Gross profit	110,652	76,468
Selling, general and administrative expenses	12,967	12,119
Operating income	97,685	64,349
Interest expense	(11,043)	(6,751)
Interest income	2,013	196
Net gain (loss) on forward contracts	390	(286,760)
Other expense - net	(156)	(161)
Income (loss) before income taxes and equity in earnings of joint ventures	88,889	(229,127)
Income tax (expense) benefit	(28,087)	84,356
Income (loss) before equity in earnings of joint ventures	60,802	(144,771)
Equity in earnings of joint ventures	3,447	3,200
Net income (loss)	$64,249	$(141,571)
EARNINGS (LOSS) PER COMMON SHARE:		
Basic	$1.98	$(4.39)
Diluted	$1.87	$(4.39)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	32,508	32,263
Diluted	34,426	32,263

See notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three months ended March 31, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$64,249	$(141,571)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Unrealized net (gain) loss on forward contracts	(27,399)	286,138
Depreciation and amortization	18,905	14,897
Deferred income taxes	8,087	(84,356)
Pension and other post retirement benefits	5,143	3,503
Stock-based compensation	1,521	2,559
Loss on disposal of assets	180	--
Excess tax benefits from share-based compensation	(330)	(855)
Changes in operating assets and liabilities:		
Accounts receivable – net	447	(15,640)
Due from affiliates	15,074	(3,064)
Inventories	(18,433)	(16,529)
Prepaid and other current assets	(1,217)	(3,398)
Accounts payable – trade	24,429	4,724
Due to affiliates	5,381	(11,206)
Accrued and other current liabilities	(4,611)	(16,325)
Other – net	6,692	(2,838)
Net cash provided by operating activities	98,118	16,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Nordural expansion	(29,175)	(68,769)
Purchase of property, plant and equipment	(2,438)	(2,632)
Restricted and other cash deposits	2,600	(4,001)
Net cash used in investing activities	(29,013)	(75,402)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	30,000	59,000
Repayment of long-term debt	(29,649)	(143)
Net repayments under revolving credit facility	--	(2,969)
Excess tax benefits from shared-based compensation	330	855
Issuance of common stock	1,973	2,380
Net cash provided by financing activities	2,654	59,123
NET CHANGE IN CASH AND CASH EQUIVALENTS	71,759	(240)
Cash and cash equivalents, beginning of the period	96,365	17,752
Cash and cash equivalents, end of the period	$168,124	$17,512

See notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements
Three months ended March 31, 2007 and 2006
(Dollars in thousands, except per share amounts)
(UNAUDITED)

1. General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2006. In management's opinion, the unaudited interim consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for the first three months of 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. Throughout this Form 10-Q, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

2. Earnings Per Share

The following table provides a reconciliation of the computation of the basic and diluted earnings per share:

	For the three months ended March 31, 2007			2006		
	Income	Shares	Per-Share	Income	Shares	Per-Share
Net income (loss)	$64,249			$(141,571)		
Basic EPS:						
Income (loss) applicable to common shareholders	64,249	32,508	$1.98	(141,571)	32,263	$(4.39)
Effect of Dilutive Securities:						
Plus:						
Options	--	53		--	--	
Service-based stock awards	--	69		--	--	
Assumed conversion of convertible debt	--	1,796		--	--	
Diluted EPS:						
Income (loss) applicable to common shareholders with assumed conversion	$64,249	34,426	$1.87	$(141,571)	32,263	$(4.39)

Options to purchase 443,697 and 358,101 shares of common stock were outstanding during the periods ended March 31, 2007 and 2006, respectively. There were 83,334 and 83,500 unvested shares of service-based stock outstanding at March 31, 2007 and March 31, 2006, respectively. Based on the average price for our common stock in the three months ended March 31, 2007 and March 31, 2006, we would have been required to issue approximately 1,796,000 and 683,000 shares, respectively, upon an assumed conversion of our convertible debt. For the three month period ending March 31, 2007, 85,000 options were excluded from the calculation of diluted EPS because the exercise price of these options was greater than the average market price of the underlying common stock. For the three month period ending March 31, 2006, all options, service-based stock, and shares to be issued upon the assumed conversion of our convertible debt were excluded from the calculation of diluted EPS because of their antidilutive effect on earnings per share.

Service-based stock for which vesting is based upon continued service is not considered issued and outstanding shares of common stock until vested. However, the service-based stock is considered a common stock equivalent and therefore is included, using the treasury stock method, in average common shares outstanding for diluted earnings per share computations, if they have a dilutive effect on earnings per share. Our goal-based performance share units are not considered common stock equivalents until it becomes probable that performance goals will be obtained.

3. Income Taxes

We adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), on January 1, 2007. As a result of adoption, we decreased our January 1, 2007 retained earnings balance approximately $7,900. As of the adoption date, we had unrecognized tax benefits of $21,800. If recognized, $18,300 of this amount would affect the effective tax rate.

It is our policy to recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized approximately $5,000 of interest at January 1, 2007 which is included as a component of the $21,800 unrecognized tax benefit noted above. During the three months ended March 31, 2007, we recognized approximately $700 in potential interest associated with uncertain tax positions.

Century and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions, and Iceland. We have substantially concluded all material U.S. federal income tax matters for years through 1999. Federal income tax returns for 2000 through 2002 are currently under examination by the Internal Revenue Service (IRS). In connection with these examinations, the IRS has raised issues and proposed tax deficiencies. We have filed an administrative appeal with the IRS and it is likely that this examination will conclude in 2007. Returns beginning in 2003 are subject to examination. Material state and local income tax matters have been concluded for years through 2002. West Virginia income tax returns for 2003 through 2005 are currently under examination and the majority of other state returns beginning in 2003 are subject to examination. We are not currently under examination for our Icelandic filed tax returns and income tax matters have been concluded for years through 2001.

We do not expect a significant change in the balance of unrecognized tax benefits within the next twelve months with the exception of reductions for potential payments to the IRS to settle the examination as noted above.

4. Inventories

Inventories consist of the following:

	March 31, 2007	December 31, 2006
Raw materials	$77,192	$61,749
Work-in-process	26,693	20,528
Finished goods	6,054	5,435
Operating and other supplies	53,904	57,698
Inventories	$163,843	$145,410

Inventories are stated at the lower of cost or market, using the first-in, first-out method.

5. Goodwill and Intangible Asset

We test our goodwill for impairment annually in the second quarter of the fiscal year and at other times whenever events or circumstances indicate that the carrying amount of goodwill may exceed its fair value. If the carrying value of goodwill exceeds its fair value, an impairment loss will be recognized. No impairment loss was recorded in 2007 or 2006. The fair value is estimated using market comparable information.

The intangible asset consists of the power contract acquired in connection with our acquisition of the Hawesville facility ("Hawesville"). The contract value is being amortized over its term using a method that results in annual amortization equal to the percentage of a given year's expected gross annual benefit to the total as applied to the total recorded value of the power contract. As of March 31, 2007, the gross carrying amount of the intangible asset was $155,986 with accumulated amortization of $97,889.

For the three month periods ended March 31, 2007 and 2006, amortization expense for the intangible asset totaled $3,497 and $3,262, respectively. For the year ending December 31, 2007, the estimated aggregate amortization expense for the intangible asset will be approximately $13,991. The estimated aggregate amortization expense for the intangible asset through the Hawesville power contract's term is as follows:

	2008	2009	2010
Estimated Amortization Expense	$ 15,076	$ 16,149	$ 16,378

The intangible asset is reviewed for impairment in accordance with SFAS 142, "Goodwill and Other Intangible Assets," whenever events or circumstances indicate that its net carrying amount may not be recoverable.

6. Debt

	March 31, 2007	December 31, 2006
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually (1)(2)(5)(6)	$175,000	$175,000
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Current portion of long-term debt	14,611	30,105
Debt classified as non-current liabilities:		
7.5% senior unsecured notes payable due 2014, interest payable semiannually (5)(6)(8)	250,000	250,000
Nordural's senior term loan facility maturing in 2010, variable interest rate, principal and interest payments due semiannually through 2010, less current portion (3)(4)(7)	317,500	301,500
Nordural's various loans, with interest rates ranging from 2.70% to 6.75% due through 2020, less current portion	7,676	7,831
Total Debt	$772,602	$772,251

(1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The convertible notes are classified as current because they are convertible at any time by the holder. The IRB interest rate at March 31, 2007 was 3.95%.

(2) The convertible notes are convertible at any time by the holder at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of convertible notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a convertible note, the holder of such convertible note shall receive cash equal to the principal amount of the convertible note and, at our election, either cash or Century common stock, or a combination thereof, for the convertible notes conversion value in excess of such principal amount, if any.

(3) Nordural's senior term loan interest rate at March 31, 2007 was 6.87%. The $365.0 million loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006.

(4) Nordural's obligations under the term loan facility are secured by a pledge of all of Nordural's shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural's assets are pledged as security under the loan facility.

(5) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries.
(6) The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.
(7) The term loan agreement repayment schedule was amended in March 2007 to allow a prepayment of the August 2007 principal payment on March 31, 2007. A further amendment in April 2007 and associated prepayment of principal eliminated all periodic principal payments. All remaining outstanding principal amount is due February 28, 2010.
(8) On or after August 15, 2009, we have the option to redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principal amount, plus accrued and unpaid interest, beginning on August 15, 2012.

We have a $100,000 senior secured revolving credit facility ("Credit Facility") with a syndicate of banks that will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., Century California, LLC and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We could issue up to a maximum of $25,000 in letters of credit under the Credit Facility. We have issued letters of credit totaling $2,117 as of March 31, 2007. We had no other outstanding borrowings under the Credit Facility as of March 31, 2007. As of March 31, 2007, we had a borrowing availability of $97,646 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

7. Contingencies and Commitments

Environmental Contingencies

We believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, there can be no assurance that future requirements or conditions at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. ("CAWV") continues to perform remedial measures at our Ravenswood, West Virginia facility ("Ravenswood") pursuant to an order issued by the Environmental Protection Agency ("EPA") in 1994 (the "3008(h) Order"). CAWV also conducted a RCRA facility investigation ("RFI") under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. CAWV has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

Prior to our purchase of Hawesville, the EPA issued a final Record of Decision ("ROD") under the Comprehensive Environmental Response, Compensation and Liability Act. By agreement, Southwire is to perform all obligations under the ROD. Century Aluminum of Kentucky, LLC ("Century Kentucky") has agreed to operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

Century is a party to an EPA Administrative Order on Consent (the "Order") pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation ("Lockheed"), which sold the facility to one of our affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to the terms of the Lockheed–Vialco Asset Purchase Agreement. Management does not believe Vialco's liability under the Order or its indemnity to Lockheed will require material payments. Through March 31, 2007, we have expended approximately $700 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, we expect the future potential payments under this indemnification to comply with the Order will be approximately $500, which may be offset in part by sales of recoverable hydrocarbons.

In May 2005, Century and Vialco were among the defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. Lockheed has tendered indemnity and defense of the case to Vialco pursuant to terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees. Vialco and the other defendants have filed separate motions to dismiss asserting certain affirmative defenses including the statute of limitations. No ruling on those motions has been rendered as of this date.

In July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC (formerly Pechiney Rolled Products, LLC) in July 1999. The complaint also seeks costs and attorney fees.

In December 2006, Vialco and the company that purchased the assets of Vialco in St. Croix in 1995 were named as defendants in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources. The complaint alleges the defendants failed to take certain actions specified in a Coastal Zone management permit issued to Vialco in October, 1994, and seeks statutory and other unspecified monetary penalties for the alleged violations. Vialco recently filed its answer to the complaint asserting factual and affirmative defenses.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $817 and $605 at March 31, 2007 and December 31, 2006, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and our inability to predict the requirements of future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance will not have a material adverse effect on our future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on our financial condition, results of operations, or liquidity.

Legal Contingencies

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity.

Power Commitments

Hawesville currently purchases substantially all of its power from Kenergy Corp. ("Kenergy"), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Approximately 73% of this power is at fixed prices. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corporation ("LG&E"), with delivery guaranteed by LG&E. For 2007, all but three percent (approximately 14 megawatts ("MW")) of our power requirements at Hawesville are priced. Hawesville's unpriced power requirements increase to 27% (126 MW) of its total power requirements in calendar years 2008 through 2010.

In February 2007, we were informed that the Corps of Engineers ("COE") is planning to lower reservoir water levels on the Cumberland River for repair and maintenance. This may reduce electrical production from the dams of these reservoirs that were expected to provide a portion of the electrical power we purchase from Big Rivers Electrical Corporation ("Big Rivers") for the use by our Hawesville facility during 2007.

Based on current expectations of reservoir levels, we expect any impact to be limited to the summer months, when usage rates on the Big Rivers system are at peak consumption. Based on our most recent information from the COE, we expect this to affect only approximately 1.5% of Hawesville's load requirements during this period. We are exploring alternative sources of energy during the summer period and we may have to pay a premium over and above our power contracts for this energy. Based on the current market for electrical power, we do not expect the premium to have a material adverse effect on our financial condition, results of operation or liquidity.

Appalachian Power Company supplies all of Ravenswood's power requirements under an agreement at prices set forth in published tariffs, which are subject to change. In 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design through June 2009 in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. After December 31, 2007, CAWV may terminate the agreement by providing 12 months notice of termination.

The Mt. Holly facility ("Mt. Holly") purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. Mt. Holly's current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Nordural facility at Grundartangi, Iceland ("Grundartangi") purchases power from Landsvirkjun (a power company owned by the Republic of Iceland), Hitaveita Suðurnesja hf. ("HS") and Orkuveita Reykjavíkur ("OR") under long-term contracts due to expire in 2019, 2026 and 2028. The power delivered to Grundartangi is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources.

In April 2006, we announced an expansion of the Grundartangi facility from 220,000 metric tonnes per year ("mtpy") to 260,000 mtpy ("Phase V expansion") which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

In June 2006, Nordural signed a memorandum of understanding ("MOU") to purchase power from HS and OR for a planned primary aluminum reduction facility in Helguvik, Iceland. Under the agreement, power will be supplied to the planned Helguvik facility in stages, beginning with an initial phase of up to 250 MW, which will

support production capacity of up to 150,000 mtpy. HS will provide up to 150 MW in this initial stage, and OR will supply up to 100 MW. Electricity delivery for this first phase is targeted for late 2010. The MOU provides for a total of 435 MW, which will ultimately provide power for a 250,000 mtpy facility. The agreement is subject to the satisfaction of certain conditions related to the construction of the Helguvik facility.

Labor Commitments

Approximately 81% of our U.S. based work force is represented by the United Steelworkers of America (the "USWA"). In May 2006, our Hawesville, Kentucky plant employees represented by the USWA ratified a four-year collective bargaining agreement that will extend through April 1, 2010. The agreement covers approximately 600 hourly workers at the Hawesville plant. In August 2006, our Ravenswood plant employees represented by the USWA ratified a three-year labor agreement that will extend through May 31, 2009. The agreement covers approximately 580 hourly employees at the Ravenswood plant.

Approximately 90% of Grundartangi's work force is represented by five labor unions under an agreement that expires on December 31, 2009.

Other Commitments and Contingencies

At March 31, 2007 and December 31, 2006, we had outstanding capital commitments of approximately $57,376 and $67,732, respectively, primarily related to the Grundartangi Phase V expansion project. Our cost commitments for the Grundartangi expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Icelandic krona and the Euro.

In May 2006, we purchased foreign currency options with a notional value of $41,627 to hedge a portion of our foreign currency risk from our exposure to the Icelandic krona associated with capital expenditures from the ongoing Phase V project at Grundartangi. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No.133") have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of March 31, 2007, the fair value of the options of $2,937 is recorded in other assets. Included in accumulated other comprehensive income is an after-tax unrealized gain of $2,326.

8. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, we are exposed to fluctuating raw material and primary aluminum prices. We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods. The following tables present our long-term primary aluminum sales and tolling contracts. Certain contracts are with a related party, Glencore International AG (together with its subsidiaries, "Glencore").

Forward Physical Delivery Agreements

Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I (1)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II (2)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum) (3)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement (1)(4)	BHP Billiton	130,000 mtpy	Through December 31, 2013	LME-based
Glencore Toll Agreement (2)(3)(4)	Glencore	90,000 mtpy	Through July 2016	LME-based

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tonnes to 130,000 metric tonnes of the per annum production capacity at Grundartangi effective in the fourth quarter of 2006.
(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 mtpy of the Phase III/IV expansion capacity at Grundartangi. Deliveries on this contract began in July 2006.
(3) In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum for the period 2007 to 2010.
(4) Grundartangi's tolling revenues include a premium based on the European Union ("EU") import duty for primary aluminum. In May 2007, the European Union members reduced the European Union ("EU") import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi's revenues.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreements, we had forward delivery contracts to sell 100,436 metric tonnes and 132,726 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 102 metric tonnes and 2,538 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively, of which none were with Glencore.

Financial Sales Agreements

To mitigate the volatility in our variable priced forward delivery contracts, we enter into fixed price financial sales contracts which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is the counterparty for all of the contracts summarized below:

Primary Aluminum Financial Sales Contracts as of:

(Metric Tonnes)

	March 31, 2007			December 31, 2006		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
2007	81,000	37,800	118,800	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009	--	105,000	105,000	--	105,000	105,000
2010	--	105,000	105,000	--	105,000	105,000
2011	--	75,000	75,000	--	75,000	75,000
2012-2015	--	300,000	300,000	--	300,000	300,000
Total	90,000	723,000	813,000	128,500	735,600	864,100

The contracts accounted for as derivatives contain clauses that trigger additional volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 723,000 metric tonnes. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at March 31, 2007 or December 31, 2006.

Additionally, to mitigate the volatility of the natural gas markets, we enter into financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Natural Gas Financial Purchase Contracts as of:

(Thousands of MMBTU)

	March 31, 2007	December 31, 2006
2007	810	2,200
2008	480	480
Total	1,290	2,680

Based on the fair value of our financial sales contracts for primary aluminum and financial purchase contracts for natural gas that qualify as cash flow hedges as of March 31, 2007, an accumulated other comprehensive loss of $63,703 is expected to be reclassified as a reduction to earnings over the next 12 month period.

In the event of a material adverse change in our creditworthiness, Glencore has the option to require a letter of credit, or any other acceptable security or collateral for outstanding balances on these contracts.

The forward financial sales and purchase contracts are subject to counterparty credit risk. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

9. Supplemental Cash Flow Information

	Three months ended March 31, 2007	2006
Cash paid for:		
Interest	$17,127	$15,080
Income tax	17,640	6,698
Cash received for:		
Interest	1,596	196
Income tax refunds	--	135
Non-cash investing activities:		
Accrued Grundartangi expansion costs	(3,656)	(5,534)

Non-cash Activities

In the first quarter of 2007, we issued 50,985 shares of common stock as part of our performance share program to satisfy a $2,281 performance share liability to certain key employees. In addition, we recorded a $7,900 noncash adjustment to the beginning balance of our retained earnings as part of the adoption of FIN 48, see Note 3.

During the three month periods ended March 31, 2007 and 2006, we capitalized interest costs incurred in the construction of equipment of $1,216, and $3,852, respectively.

10. Asset Retirement Obligations

The reconciliation of the changes in the asset retirement obligation is as follows:

	For the three months ended March 31, 2007	For the year ended December 31, 2006
Beginning balance, ARO liability	$12,864	$11,808
Additional ARO liability incurred	510	2,302
ARO liabilities settled	(587)	(2,236)
Accretion expense	258	990
Ending balance, ARO liability	$13,045	$12,864

11. Recently Issued Accounting Standards

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." The Statement would permit us to choose to measure certain financial instruments and other items at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date. The Statement is effective for us as of January 1, 2008. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 159 on our financial position and results of operations.

12. Comprehensive Income and Accumulated Other Comprehensive Income (Loss)

Comprehensive Income:

	Three months ended March 31, 2007	2006
Net income (loss)	$64,249	$(141,571)
Other comprehensive income (loss):		
Net unrealized (gain) loss on financial instruments, net of tax of $1,452 and $26,613, respectively	1,178	(47,272)
Net amount reclassified to income, net of tax of $(19,234) and $(8,719), respectively	29,248	15,301
Adjustment of pension and other postretirement benefit plan liabilities, net of tax of $375	(570)	--
Comprehensive income (loss)	$94,105	$(173,542)

Components of Accumulated Other Comprehensive Loss:

	March 31, 2007	December 31, 2006
Unrealized loss on financial instruments, net of $40,059 and $58,452 tax benefit	$(60,912)	$(90,728)
Pension and other postretirement benefit plan liabilities, net of $49,850 and $48,864 tax benefit, respectively	(75,803)	(75,844)
	$(136,715)	$(166,572)

13. Components of Net Periodic Benefit Cost

	Pension Benefits		Other Postretirement Benefits	
	Three months ended March 31,		Three months ended March 31,	
	2007	2006	2007	2006
Service cost	$974	$1,030	$1,761	$1,468
Interest cost	1,403	1,214	2,997	2,420
Expected return on plan assets	(1,695)	(1,700)	--	--
Amortization of prior service cost	182	103	(540)	(219)
Amortization of net gain	280	214	1,369	1,035
Net periodic benefit cost	$1,144	$861	$5,587	$4,704

14. Other Assets

Components of Other Assets:

	March 31, 2007	December 31, 2006
Deferred tax assets – noncurrent	$188,567	$203,452
Other assets (primarily investments in joint ventures)	79,533	75,950
Capitalized financing fees	12,311	12,978
	$280,411	$292,380

15. Condensed Consolidating Financial Information

Our 7.5% Senior Notes due 2014, and 1.75% Convertible Senior Notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries, except for Nordural US LLC. The subsidiary guarantors are each 100% owned by Century. All guarantees are full and unconditional and all guarantees are joint and several. These notes are not guaranteed by our foreign subsidiaries (such subsidiaries and Nordural US LLC, collectively the "Non-Guarantor Subsidiaries"). Our policy for financial reporting purposes is to allocate corporate expenses or income to subsidiaries. For the three months ended March 31, 2007 and March 31, 2006, we allocated total corporate expense of $2,646 and $3,601 to our subsidiaries, respectively. Additionally, we charge interest on certain intercompany balances.

The following summarized condensed consolidating balance sheets as of March 31, 2007 and December 31, 2006, condensed consolidating statements of operations for the three months ended March 31, 2007 and March 31, 2006 and the condensed consolidating statements of cash flows for the three months ended March 31, 2007 and March 31, 2007 present separate results for Century, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had Century, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

CONDENSED CONSOLIDATING BALANCE SHEET
As of March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$—	$34,419	$133,705	$—	$168,124
Restricted cash	2,011	—	—	—	2,011
Accounts receivable — net	97,270	15,654	—	—	112,924
Due from affiliates	302,034	2,312	933,800	(1,215,678)	22,468
Inventories	133,095	30,932	—	(184)	163,843
Prepaid and other assets	2,631	14,693	2,249	—	19,573
Deferred taxes — current portion	53,291	—	11,006	31,270	95,567
Total current assets	590,332	98,010	1,080,760	(1,184,592)	584,510
Investment in subsidiaries	25,344	—	108,535	(133,879)	—
Property, plant and equipment — net	429,858	799,212	1,014	—	1,230,084
Intangible asset — net	58,097	—	—	—	58,097
Goodwill	—	94,844	—	—	94,844
Other assets	44,225	19,413	373,373	(156,600)	280,411
Total assets	$1,147,856	$1,011,479	$1,563,682	$(1,475,071)	$2,247,946
Liabilities and shareholders' equity:					
Accounts payable – trade	$53,516	$30,916	$39	$—	$84,471
Due to affiliates	586,743	57,807	348,174	(713,406)	279,318
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	14,611	—	—	14,611
Accrued and other current liabilities	16,866	5,759	32,924	—	55,549
Accrued employee benefits costs — current portion	9,802	—	1,281	—	11,083
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	674,742	109,093	557,418	(713,406)	627,847
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	325,176	—	—	325,176
Accrued pension benefit costs — less current portion	4,003	—	15,909	—	19,912
Accrued postretirement benefit costs — less current portion	209,520	—	1,365	—	210,885
Other liabilities/intercompany loan	162,648	361,024	15,299	(495,997)	42,974
Due to affiliates — less current portion	—	—	502,669	—	502,669
Deferred taxes	160,612	18,638	—	(131,789)	47,461
Total noncurrent liabilities	536,783	704,838	785,242	(627,786)	1,399,077
Shareholders' equity:					
Common stock	60	12	326	(72)	326
Additional paid-in capital	259,248	85,190	437,375	(344,438)	437,375
Accumulated other comprehensive income (loss)	(142,892)	4,690	(136,715)	138,202	(136,715)
Retained earnings (accumulated deficit)	(180,085)	107,656	(79,964)	72,429	(79,964)
Total shareholders' equity	(63,669)	197,548	221,022	(133,879)	221,022
Total liabilities and shareholders' equity	$1,147,856	$1,011,479	$1,563,682	$(1,475,071)	$2,247,946

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$—	$11,866	$84,499	$—	$96,365
Restricted cash	2,011	—	—	—	2,011
Accounts receivable — net	98,690	14,681	—	—	113,371
Due from affiliates	55,853	6,779	752,954	(778,044)	37,542
Inventories	112,975	32,604	—	(169)	145,410
Prepaid and other assets	4,603	12,981	2,246	—	19,830
Deferred taxes — current portion	66,530	—	11,007	25,573	103,110
Total current assets	340,662	78,911	850,706	(752,640)	517,639
Investment in subsidiaries	22,229	—	20,967	(43,196)	—
Property, plant and equipment — net	436,980	780,879	918	—	1,218,777
Intangible asset — net	61,594	—	—	—	61,594
Goodwill	—	94,844	—	—	94,844
Other assets	41,599	19,297	368,913	(137,429)	292,380
Total assets	$903,064	$973,931	$1,241,504	$(933,265)	$2,185,234
Liabilities and shareholders' equity:					
Accounts payable – trade	$34,993	$29,804	$52	$—	$64,849
Due to affiliates	381,853	56,665	73,734	(229,970)	282,282
Industrial revenue bonds	7,815	—	—	—	7,815
Long term debt — current portion	—	30,105	—	—	30,105
Accrued and other current liabilities	21,381	4,522	49,240	—	75,143
Accrued employee benefits costs — current portion	9,803	—	1,280	—	11,083
Convertible senior notes	—	—	175,000	—	175,000
Total current liabilities	455,845	121,096	299,306	(229,970)	646,277
Senior unsecured notes payable	—	—	250,000	—	250,000
Nordural debt	—	309,331	—	—	309,331
Accrued pension benefit costs — less current portion	3,624	—	15,615	—	19,239
Accrued postretirement benefit costs — less current portion	205,092	—	1,323	—	206,415
Other liabilities/intercompany loan	215,839	353,997	—	(542,025)	27,811
Due to affiliates — less current portion	9,314	—	545,550	—	554,864
Deferred taxes	143,421	16,240	—	(118,074)	41,587
Total noncurrent liabilities	577,290	679,568	812,488	(660,099)	1,409,247
Shareholders' equity:					
Common stock	60	12	325	(72)	325
Additional paid-in capital	259,248	85,190	432,270	(344,438)	432,270
Accumulated other comprehensive income (loss)	(172,685)	2,791	(166,572)	169,894	(166,572)
Retained earnings (accumulated deficit)	(216,694)	85,274	(136,313)	131,420	(136,313)
Total shareholders' equity	(130,071)	173,267	129,710	(43,196)	129,710
Total liabilities and shareholders' equity	$903,064	$973,931	$1,241,504	$(933,265)	$2,185,234

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$293,748	$87,105	$—	$—	$380,853
Related parties	39,413	27,391	—	—	66,804
	333,161	114,496	—	—	447,657
Cost of goods sold	262,490	74,869	—	(354)	337,005
Gross profit	70,671	39,627	—	354	110,652
Selling, general and admin expenses	11,103	1,864	—	—	12,967
Operating income	59,568	37,763	—	354	97,685
Interest expense – third party	(6,019)	(5,024)	—	—	(11,043)
Interest expense – affiliates	8,061	(8,061)	—	—	—
Interest income	1,599	414	—	—	2,013
Net gain on forward contracts	390	—	—	—	390
Other income (expense) - net	91	(247)	—	—	(156)
Income before taxes and equity in earnings (loss) of subsidiaries and joint ventures	63,690	24,845	—	354	88,889
Income tax expense	(24,730)	(3,230)	—	(127)	(28,087)
Net income before equity in earnings (loss) of subsidiaries and joint ventures	38,960	21,615	—	227	60,802
Equity earnings (loss) of subsidiaries and joint ventures	5,551	768	64,249	(67,121)	3,447
Net income (loss)	$44,511	$22,383	$64,249	$(66,894)	$64,249

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended March 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$253,181	$45,292	$—	$—	$298,473
Related parties	48,473	—	—	—	48,473
	301,654	45,292	—	—	346,946
Cost of goods sold	241,214	29,967	—	(703)	270,478
Gross profit	60,440	15,325	—	703	76,468
Selling, general and admin expenses	11,968	151	—	—	12,119
Operating income	48,472	15,174	—	703	64,349
Interest expense – third party	(6,390)	(361)	—	—	(6,751)
Interest expense – affiliates	7,449	(7,449)	—	—	—
Interest income	56	140	—	—	196
Net loss on forward contracts	(286,760)	—	—	—	(286,760)
Loss on early extinguishment of debt	—	—	—	—	—
Other expense - net	(106)	(55)	—	—	(161)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(237,279)	7,449	—	703	(229,127)
Income tax benefit (expense)	84,129	480	—	(253)	84,356
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(153,150)	7,929	—	450	(144,771)
Equity earnings (loss) of subsidiaries and joint ventures	3,534	784	(141,571)	140,453	3,200
Net income (loss)	$(149,616)	$8,713	$(141,571)	$140,903	$(141,571)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the three months ended March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$65,420	$32,698	$—	$98,118
Investing activities:				
Purchase of property, plant and equipment	(1,410)	(899)	(129)	(2,438)
Nordural expansion	—	(29,175)	—	(29,175)
Restricted cash deposits	2,600	—	—	2,600
Net cash provided by (used in) investing activities	1,190	(30,074)	(129)	(29,013)
Financing activities:				
Borrowings of long-term debt	—	30,000	—	30,000
Repayment of long-term debt	—	(29,649)	—	(29,649)
Excess tax benefits from share-based compensation	—	—	330	330
Intercompany transactions	(66,610)	19,578	47,032	—
Issuance of common stock	—	—	1,973	1,973
Net cash provided by (used in) financing activities	(66,610)	19,929	49,335	2,654
Net change in cash and cash equivalents	—	22,553	49,206	71,759
Beginning cash and cash equivalents	—	11,866	84,499	96,365
Ending cash and cash equivalents	$—	$34,419	$133,705	$168,124

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the three months ended March 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$13,212	$2,827	$—	$16,039
Investing activities:				
Purchase of property, plant and equipment	(647)	(1,981)	(4)	(2,632)
Nordural expansion	—	(68,769)	—	(68,769)
Restricted cash deposits	(4,001)	—	—	(4,001)
Net cash used in investing activities	(4,648)	(70,750)	(4)	(75,402)
Financing activities:				
Borrowings of long-term debt	—	59,000	—	59,000
Repayment of long-term debt	—	(143)	—	(143)
Net repayments under revolving credit facility	—	—	(2,969)	(2,969)
Excess tax benefits from share-based compensation	—	—	855	855
Intercompany transactions	(8,564)	10,029	(1,465)	—
Issuance of common stock	—	—	2,380	2,380
Net cash provided by (used in) financing activities	(8,564)	68,886	(1,199)	59,123
Net change in cash and cash equivalents	—	963	(1,203)	(240)
Beginning cash and cash equivalents	—	19,005	(1,253)	17,752
Ending cash and cash equivalents	$—	$19,968	$(2,456)	$17,512

16. Subsequent Event

On April 30, 2007, Nordural made a $70,000 optional principal payment under its term loan.

FORWARD-LOOKING STATEMENTS – CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES REFORM ACT OF 1995.

This Quarterly Report on Form 10-Q contains forward-looking statements. We have based these forward-looking statements on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as "expects," "anticipates," "plans," "believes," "projects," "estimates," "intends," "should," "could," "would," and "potential" and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those discussed under Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part I, Item 1, "Financial Statements and Supplementary Data," and:

- The cyclical nature of the aluminum industry causes variability in our earnings and cash flows;
- The loss of a customer to whom we deliver molten aluminum would increase our production costs and potentially our sales and marketing costs;
- Glencore International AG owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;
- We enter into forward sales and hedging contracts with Glencore International AG that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore, could affect how we hedge our exposure to metal price risk;
- We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to one or more of our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;
- Due to volatile prices for alumina and electricity, the principal cost components of primary aluminum production, our production costs could be materially impacted if we experience changes to or disruptions in our current alumina or power supply arrangements, production costs at our alumina refining operation increase significantly, or if we are unable to obtain economic replacement contracts for our alumina supply or power as those contracts expire;
- By expanding our geographic presence and diversifying our operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, we are exposed to new risks and uncertainties that could adversely affect the overall profitability of our business;
- Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our margins;
- Most of our employees are unionized and any labor dispute could materially impair our ability to conduct our production operations at our unionized facilities;
- We are subject to a variety of existing environmental laws that could result in unanticipated costs or liabilities and our planned environmental spending over the next three years may be inadequate to meet our requirements;
- We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire;
- We cannot guarantee that our subsidiary Nordural will be able to complete its planned expansion of its facility at Grundartangi ("Grundartangi") from 220,000 mtpy to 260,000 mtpy in the time forecast or without cost overruns; and
- Our high level of indebtedness reduces cash available for other purposes and limits our ability to incur additional debt and pursue our growth strategy.
- Continued consolidation of the metals industry may limit our ability to implement our strategic goals effectively.

- If we are unable to procure a reliable source of power, the proposed Helguvik project will not be feasible.
- Any further reduction in the duty on primary aluminum imports into the European Union would further decrease our revenue at Grundartangi.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date of this filing. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations and you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. When reading any forward-looking statements in this filing, the reader should consider the risks described above and elsewhere in this report as well as those described under the headings "Risk Factors" and "Managements Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. Given these uncertainties and risks, the reader should not place undue reliance on these forward-looking statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Recent Developments

Century signs power contract for Helguvik project

In April 2007, we entered into an electrical power supply agreement with Hitaveita Suðurnesja hf. ("HS") to supply part of the power for the Helguvik project. The price of the power provided under the contract will be based on the London Metal Exchange ("LME") price of primary aluminum. The contract is subject to various conditions.

EU lowers European import duty for primary aluminum

In May 2007, the European Union members reduced the European Union ("EU") import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi's revenues.

Results of Operations

The following discussion reflects our historical results of operations.

Century's financial highlights include:

	Three months ended March 31, 2007	Three months ended March 31, 2006
	(In thousands, except per share data)	
Net sales:		
Third-party customers	$380,853	$298,473
Related party customers	66,804	48,473
Total	$447,657	$346,946
Gross profit	$110,652	$76,468
Net income (loss)	$64,249	$(141,571)
Earnings (loss) per common share:		
Basic	$1.98	$(4.39)
Diluted	$1.87	$(4.39)
Shipments – primary aluminum (millions of pounds):		
Direct	290.1	291.8
Toll	117.0	54.2
Total	407.1	346.0

Net Sales (in millions)	**2007**	**2006**	**$ Difference**	**% Difference**
Three months ended March 31,	$447.7	$346.9	$100.8	29.1%

Higher price realizations for primary aluminum in the first quarter of 2007, due to improved LME prices for primary aluminum, contributed $50.2 million to the sales increase. Additional net sales volume contributed $50.6 million to the sales increase. Direct shipments were 1.8 million pounds less than the previous year period. Toll shipments increased 62.8 million pounds from the previous year period due to the Grundartangi expansion capacity that came on-stream during 2006.

Gross Profit (in millions)	**2007**	**2006**	**$ Difference**	**% Difference**
Three months ended March 31,	$110.7	$76.4	$34.3	44.9%

During the three months ended March 31, 2007, improved price realizations, net of increased market-based alumina costs and LME-based power cost increases, improved gross profit by $35.8 million. Increased shipment volume contributed $21.0 million in additional gross profit. Partially offsetting these gains were $22.5 million in net cost increases comprised of: increased costs for maintenance, materials and supplies, $7.6 million; increased power and natural gas costs at our U.S. smelters, $3.8 million; increased costs for Gramercy supplied alumina, $0.9 million; increased post-retirement costs, $2.2 million; increased net amortization and depreciation charges, primarily at Grundartangi, $4.0 million; and other spending increases, $4.0 million.

Selling, general and administrative expenses (in millions)	**2007**	**2006**	**$ Difference**	**% Difference**
Three months ended March 31,	$13.0	$12.1	$0.9	7.4%

The increase in selling, general and administrative expenses for the three months ended March 31, 2007 from the same period in 2006 was primarily due to spending on the proposed Helguvik project.

Interest expense (in millions)	2007	2006	$ Difference	% Difference
Three months ended March 31,	$11.0	$6.8	$4.2	61.8%

The increase in interest expense for the three months ended March 31, 2007 from the same period in 2006 was due to higher loan balances on the Nordural debt and a reduction in capitalized interest associated with reduced spending for the Grundartangi expansion.

Net gain (loss) on forward contracts (in millions)	2007	2006	$ Difference	% Difference
Three months ended March 31,	$0.4	$(286.8)	$287.2	(100.1)%

The gain (loss) on forward contracts reported for the three month periods ended March 31, 2007 and 2006, respectively, was primarily a result of mark-to-market adjustments associated with our long term financial sales contracts that do not qualify for cash flow hedge accounting.

Tax provision (in millions)	2007	2006	$ Difference	% Difference
Three months ended March 31,	$28.1	$(84.4)	$(112.5)	(133.3%)

The changes in the income tax provision were primarily a result of the changes in pre-tax income.

Liquidity and Capital Resources

Our statements of cash flows for the three months ended March 31, 2007 and 2006 are summarized below:

	Three months ended March 31, 2007	2006
	(dollars in thousands)	
Net cash provided by operating activities	$98,118	$16,039
Net cash used in investing activities	(29,013)	(75,402)
Net cash provided by financing activities	2,654	59,123
Net change in cash and cash equivalents	$71,759	$(240)

Net cash from operating activities in the first three months of 2007 was $98.1 million due to improved market conditions, additional shipment volume from Grundartangi and increases in our working capital as discussed above.

Our net cash used in investing activities for the three month period ended March 31, 2007 was $29.0 million, primarily a result of the ongoing Phase V expansion of the Grundartangi facility. The remaining net cash used in investing activities consisted of capital expenditures to maintain and improve plant operations and the return of cash placed on deposit for energy purchases. Our net cash used in investing activities for the three-month period ended March 31, 2006 was $75.4 million, primarily a result of the expansion of the Grundartangi facility to 220,000 mpty capacity (Phase III/IV expansion). The remaining net cash used in investing activities consisted of capital expenditures to maintain and improve plant operations and cash placed on deposit to support future energy purchases.

Net cash provided by financing activities during the first three months of 2007 was $2.7 million. We increased our borrowings under Nordural's $365.0 million senior term loan facility by $30.0 million, which was offset by principal payments of $29.6 million on Nordural debt. We received proceeds from the issuance of

common stock of $2.0 million related to the exercise of stock options and excess tax benefits from share-based compensation of $0.3 million. Net cash provided by financing activities during the first three months of 2006 was $59.1 million. We increased our borrowings under Nordural's $365.0 million senior term loan facility by $59.0 million. We also received proceeds from the issuance of common stock of $2.4 million related to the exercise of stock options and excess tax benefits from share-based compensation of $0.8 million, which were offset by repayments on our revolving credit facility of $3.0 million and other long-term debt of $0.1 million.

Liquidity

Our principal sources of liquidity are cash flow from operations and available borrowings under our $100 million senior secured revolving credit facility ("Credit Facility"). We believe these sources of cash will be sufficient to meet our near-term working capital needs. We have not determined the sources of funding for our long-term debt repayment requirements; however, we believe that our cash flow from operations, available borrowing under our revolving credit facility and, to the extent necessary and/or economically attractive, future financial market activities will be adequate to address our long-term liquidity requirements. Our principal uses of cash are operating costs, settlement payments on our derivative contracts, payments of interest on our outstanding debt, the funding of capital expenditures and investments in related businesses, working capital and other general corporate requirements.

As of March 31, 2007, we had borrowing availability of $97.6 million under our Credit Facility, subject to customary covenants. We issued letters of credit totaling $2.1 million. We had no other outstanding borrowings under the Credit Facility as of March 31, 2007. We could issue up to a maximum of $25.0 million in letters of credit under the Credit Facility.

We are party to fixed price financial sales contracts for primary aluminum with Glencore. In the event of a material adverse change in our creditworthiness, Glencore has the option to require a letter of credit, or any other acceptable security or collateral for outstanding balances on these contracts.

Capital Resources

Capital expenditures for the three months ended March 31, 2007 were $31.6 million, $29.2 million of which was for the Phase V expansion project at Grundartangi, with the balance principally related to upgrading production equipment, maintaining facilities and complying with environmental requirements. Exclusive of the Grundartangi expansion, we anticipate capital expenditures of approximately $30.0 to $35.0 million in 2007. The Phase V expansion will require approximately $95.0 million of capital expenditures in 2007 to complete the expansion to 260,000 mtpy. At March 31, 2007, we had outstanding capital commitments of approximately $57.4 million, primarily related to the Grundartangi Phase V expansion project. We expect to incur approximately $10.0 million for preliminary project development costs for the Helguvik greenfield project in 2007, of which approximately 75 percent of the preliminary project costs will be expensed (not capitalized) in selling, general and administrative expenses in 2007. Our cost commitments for the Grundartangi expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Euro and the Icelandic krona.

In May 2006, we purchased foreign currency options with a notional value of $41.6 million to hedge our foreign currency risk in the Icelandic krona associated with a portion of the capital expenditures from the ongoing Grundartangi expansion project to 260,000 mtpy. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No.133, have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of March 31, 2007, the fair value of the foreign currency options of $2.9 million was recorded in other assets. Accumulated other comprehensive loss includes an unrealized gain, net of tax, of $2.3 million related to the foreign currency options.

Other Contingencies

In February 2007, we were informed that the Corps of Engineers ("COE") is planning to lower reservoir water levels on the Cumberland River for repair and maintenance. This may reduce electrical production from the dams of these reservoirs that were expected to provide a portion of the electrical power we purchase from Big Rivers Electrical Corporation ("Big Rivers") for use by our Hawesville facility during 2007.

Based on current expectations of reservoir levels, we expect any impact to be limited to the summer months, when usage rates on the Big Rivers system are at peak consumption. Based on our most recent information from the COE, we expect this to affect only approximately 1.5% of Hawesville's load requirements during this period. We are exploring alternative sources of energy during the summer period and we may have to pay a premium over and above our power contracts for this energy. Based on the current market for electrical power, we do not expect the premium to have a material adverse effect on our financial condition, results of operation or liquidity.

Our income tax returns are periodically examined by various tax authorities. We are currently under audit by the Internal Revenue Service ("IRS") for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. We are reviewing the issues raised by the IRS and have filed an administrative appeal within the IRS, contesting the proposed tax deficiencies. We believe that our tax position is well-supported and, based on current information, do not believe that the outcome of the tax audit will have a material impact on our financial condition or results of operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Sensitivity

We are exposed to price risk for primary aluminum. We manage our exposure to fluctuations in the price of primary aluminum by selling aluminum at fixed prices for future delivery and through financial instruments, as well as by purchasing certain of our alumina and power requirements under supply contracts with prices tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum). Our risk management activities do not include any trading or speculative transactions. The following table shows our forward priced sales as a percentage of our estimated production capacity.

Forward Priced Sales as of March 31, 2007

	2007(1)(2)	2008 (2)	2009 (2)	2010 (2)	2011-2015 (2)
Base Volume:					
Pounds (000)	262,134	240,745	231,485	231,485	826,733
Metric tonnes	118,902	109,200	105,000	105,000	375,000
Percent of capacity	21%	14%	13%	13%	9%
Potential additional volume (2):					
Pounds (000)	83,335	220,903	231,485	231,485	826,733
Metric tonnes	37,800	100,200	105,000	105,000	375,000
Percent of capacity	6%	12%	13%	13%	9%

(1) The forward priced sales in 2007 exclude April 2007 shipments to customers that are priced based upon the prior month's market price.

(2) Certain financial contracts included in the forward priced sales base volume for the period 2007 through 2015 contain clauses that trigger potential additional sales volume when the market price for a contract month is above the base contract ceiling price. These contacts will be settled monthly and, if the market price exceeds the ceiling price for all contract months through 2015, the potential sales volume would be equivalent to the amounts shown above.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreements, which are described in Primary Aluminum Sales Contract table in Note 8 of the Consolidated Financial Statements, we had forward delivery contracts to sell 100,436 metric tonnes and 132,726 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 102 metric tonnes and 2,538 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively, of which none were with Glencore.

Primary Aluminum Financial Sales Contracts as of:

(Metric Tonnes)

	March 31, 2007			December 31, 2006		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
2007	81,000	37,800	118,800	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009	--	105,000	105,000	--	105,000	105,000
2010	--	105,000	105,000	--	105,000	105,000
2011	--	75,000	75,000	--	75,000	75,000
2012-2015	--	300,000	300,000	--	300,000	300,000
Total	90,000	723,000	813,000	128,500	735,600	864,100

Substantially all of the contracts accounted for as derivatives contain clauses that trigger additional volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 723,000 metric tonnes. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at March 31, 2007 and December 31, 2006.

Additionally, to mitigate the volatility of the natural gas markets, we enter into fixed price financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Natural Gas Financial Purchase Contracts as of:

(Thousands of MMBTU)

	March 31, 2007	December 31, 2006
2007	810	2,200
2008	480	480
Total	1,290	2,680

On a hypothetical basis, a $200 per ton increase in the market price of primary aluminum is estimated to have an unfavorable impact of $10.9 million after tax on accumulated other comprehensive loss for the contracts designated as cash flow hedges, and $87.7 million on net income for the contracts designated as derivatives, for the period ended March 31, 2007 as a result of the forward primary aluminum financial sales contracts outstanding at March 31, 2007.

On a hypothetical basis, a $1.00 per million British Thermal Units ("MMBTU") decrease in the market price of natural gas is estimated to have an unfavorable impact of $0.8 million after tax on accumulated other comprehensive loss for the period ended March 31, 2007 as a result of the forward natural gas financial purchase contracts outstanding at March 31, 2007.

Our metals and natural gas risk management activities are subject to the control and direction of senior management. These activities are regularly reported to our board of directors.

This quantification of our exposure to the commodity price of aluminum is necessarily limited, as it does not take into consideration our inventory or forward delivery contracts, or the offsetting impact on the sales price of primary aluminum products. Because all of our alumina contracts, except Hawesville's alumina contract with Gramercy, are indexed to the LME price for primary aluminum, they act as a natural hedge for approximately 10% of our production. As of March 31, 2007, approximately 50% (including 37,800 metric tonnes of potential additional volume under our derivative sales contracts) of our production for the remainder of 2007 is hedged by our LME-based alumina contracts, Grundartangi's electrical power and tolling contracts, and by fixed price forward delivery and financial sales contracts.

Nordural. Substantially all of Nordural's revenues are derived from toll conversion agreements with Glencore, Hydro Aluminum and a subsidiary of BHP Billiton Ltd. whereby Grundartangi converts alumina provided by these companies into primary aluminum for a fee based on the LME price for primary aluminum. Grundartangi's LME-based toll revenues are subject to the risk of decreases in the market price of primary aluminum; however, Grundartangi is not exposed to increases in the price for alumina, the principal raw material used in the production of primary aluminum. In addition, under its power contract, Grundartangi purchases power at a rate which is a percentage of the LME price for primary aluminum, providing Grundartangi with a natural hedge against downswings in the market for primary aluminum. Grundartangi's tolling revenues include a premium based on the exemption available to Icelandic aluminum producers from the European Union ("EU") import duty for primary aluminum. In May 2007, the European Union members reduced the European Union ("EU") import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi's revenues.

Grundartangi is exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the Euro and the Icelandic krona. Grundartangi's revenues and power costs are based on the LME price for primary aluminum, which is denominated in U.S. dollars. There is no currency risk associated with these contracts. Grundartangi's labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in Euros. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Grundartangi's operating margins.

Nordural does not currently have financial instruments to hedge commodity price risk. Nordural may hedge such risks in the future, including through the purchase of aluminum put options. We have entered into currency options to mitigate a portion of our foreign currency exposure to the Icelandic krona for the Phase V expansion capital expenditures. See the discussion in the Capital Resources section of "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Interest Rates

Interest Rate Risk. Our primary debt obligations are the $250.0 million of outstanding senior unsecured notes, $175.0 million of outstanding convertible notes, the $7.8 million in industrial revenue bonds ("IRBs"), borrowings under our revolving credit facility and the Nordural debt, including $331.5 million of borrowings under its term loan facility. Our senior unsecured notes and convertible notes bear a fixed rate of interest, changes in interest rates and do not subject us to changes in future interest expense with respect to these borrowings. Borrowings under our revolving credit facility are at variable rates at a margin over LIBOR or the bank base rate, as defined in the credit agreement. There were no outstanding borrowings on our revolving credit facility at March 31, 2007. The IRBs bear interest at variable rates determined by reference to the interest rate of similar instruments in the industrial revenue bond market. Borrowings under Nordural's term loan facility bear interest at a margin over the applicable LIBOR rate. At March 31, 2007, we had $341.0 million of variable rate borrowings. A hypothetical one percentage point increase in the interest rate would increase our annual interest expense by $3.4 million, assuming no debt reduction. We do not currently hedge our interest rate risk, but may do so in the future through interest rate swaps which would have the effect of fixing a portion of our floating rate debt.

On April 30, 2007, Nordural made a $70.0 million payment that was applied to amounts outstanding under the term loan facility. When combined with the $15.5 million payment made by Nordural on February 26, 2007 and the $14.0 million payment made by Nordural on March 30, 2007, the principal amount outstanding under the Nordural term loan facility has been reduced to $261.5 million as of April 30, 2007.

Our primary financial instruments are cash and short-term investments, including cash in bank accounts and other highly rated liquid money market investments and government securities which are considered cash equivalents.

Item 4. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures

As of March 31, 2007, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were effective.

b. Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2007, there have not been any changes in our internal controls over financial reporting that would have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows; our hedging transactions may limit our ability to benefit from increased aluminum prices which are currently near historical highs.

Our operating results depend on the market for primary aluminum, which is a highly cyclical commodity with prices that are affected by global demand and supply factors and other conditions. Historically, aluminum prices have been volatile and we expect such volatility to continue. Currently, aluminum prices are near historical highs. These prices are driven, in part, by global demand for aluminum arising from favorable global economic conditions and strong demand in China. Although we use contractual arrangements to manage our exposure to fluctuations in the commodity price, a decline in primary aluminum prices would reduce our earnings and cash flows. Any significant downturn in prices for primary aluminum would significantly reduce the amount of cash available to meet our current obligations and fund our long-term business strategies and may force the curtailment of all or a portion of our operations at one or more of our smelters.

Conversely, as prices for aluminum increase, certain of our hedging transactions, including our forward sales of primary aluminum and our LME-based alumina and power contracts, limit our ability to take advantage of these increased prices.

We reduce our casting and shipping costs by selling molten aluminum to the major customers of Ravenswood and Hawesville; the loss of one of these major customers would increase our production costs at those facilities and could increase our sales and marketing costs.

Approximately 53% of our consolidated net sales for 2006 was derived from sales to Alcan and Southwire. Alcan's facility is located adjacent to Ravenswood and Southwire's facility is located adjacent to Hawesville. Due to this proximity, we are able to deliver molten aluminum to these customers, thereby eliminating our casting and shipping costs and our customers' freight and remelting costs and reducing our sales and marketing costs. Century has contracts with Alcan and Southwire which are due to expire in July 2007 and March 2011, respectively. We may be unable to extend or replace these contracts when they terminate. If we are unable to renew these contracts when they expire, or if either customer significantly reduces its purchases under those contracts, we would incur higher casting and shipping costs and potentially higher sales and marketing costs.

A material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk.

We benefit from our relationship with Glencore, our largest shareholder. We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk, which could impact our results of operations.

Losses caused by disruptions in the supply of power would reduce the profitability of our operations.

We use large amounts of electricity to produce primary aluminum. Any loss of power which reduces the amperage to our equipment or causes an equipment shutdown would result in a reduction in the volume of molten aluminum produced and may result in the hardening or "freezing" of molten aluminum in the pots where it is produced. Interruptions in the supply of electrical power to our facilities can be caused by a number of circumstances, including unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. If such a condition were to occur, we may lose production for a prolonged period of time and incur significant losses. We maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, but are required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand. Certain losses or prolonged interruptions in our operations may trigger a default under our revolving credit facility.

The cost of alumina used at Hawesville may be higher than under our LME-based alumina contracts.

We acquire alumina used at Ravenswood and Mt. Holly at prices based on the LME price for primary aluminum. Gramercy supplies all of the alumina used at Hawesville at prices based on Gramercy's production costs. Those production costs could be materially higher than the price paid under LME-based contracts during periods when aluminum prices are low and raw material costs used in the production of alumina, such as natural gas, are high.

Changes or disruptions to our current alumina and other raw material supply arrangements could increase our raw material costs.

We depend on a limited number of suppliers for alumina, the principal raw material used to produce primary aluminum. Disruptions to our supply of alumina could occur for a variety of reasons, including disruptions of production at a particular supplier's alumina refinery. These disruptions may require Century to purchase alumina on the spot market on less favorable terms than under our current agreements.

Gramercy supplies substantially all the alumina used at Hawesville. Our joint venture bauxite mining operation in St. Ann, Jamaica supplies all of the bauxite used in the production of alumina at Gramercy. If there is a significant disruption of St. Ann bauxite shipments in the future, Gramercy could incur additional costs if it is required to use bauxite from other sources. For example, in the fourth quarter of 2006, a disruption in our Gramercy power supply increased our costs as we replaced Gramercy – supplied alumina with more expensive spot market.

Our business also depends upon the adequate supply of other raw materials, including caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes, at competitive prices. Although worldwide there remain multiple sources for these raw materials, consolidation among certain North American suppliers has reduced the number of available suppliers in this industry. A disruption in our raw materials supply from our existing suppliers due to a labor dispute, shortage of their raw materials or other unforeseen factors may adversely affect our operating results if we are unable to secure alternate supplies of these materials at reasonable prices.

Changes in the relative cost and availability of certain raw materials and energy compared to the price of primary aluminum could affect our operating results.

Our operating results vary significantly with changes in the price of primary aluminum and the raw materials used in its production, including alumina, caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes. Because we sell our products based on the LME price for primary aluminum, we cannot pass on increased costs to our customers. Although we attempt to mitigate the effects of price fluctuations through the use of various fixed-price commitments and financial instruments and by pricing some of our raw materials and energy contracts based on LME prices, these efforts also limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. In addition, because we have sold forward a certain amount of our production capacity in future years, rising raw material and energy prices would negatively impact our earnings and cash flow.

Electricity represents our single largest operating cost. As a result, the availability of electricity at economic prices is critical to the profitability of our operations. While we purchase virtually all of our electricity for our existing U.S. facilities under fixed-price contracts through 2007, portions of the contracted cost of the electricity supplied to Mt. Holly vary with the supplier's fuel costs. An increase in these fuel costs would increase the price this facility pays for electricity. Hawesville has unpriced power requirements of approximately 27% of its power requirements from 2008 through 2010. The profitability of Hawesville could be adversely affected if we are unable to obtain power for the unpriced portions of Hawesville's power requirements at economic rates. We are currently reviewing our options for pricing power in 2008 through 2010 at Hawesville. We are working with a local power company on a proposal that would restructure and extend Hawesville's existing power supply contract through 2023. If we are not successful at replacing such power requirements, we may be forced to curtail or idle a portion of our production capacity, which would lower our revenues and adversely affect the profitability of our operations. At Ravenswood, power prices have some variability based upon the LME price for primary aluminum and are subject to possible adjustments in the published tariff. The Ravenswood tariff is currently

subject to a rate case adjustment for fuel, purchased power and unexpected capital cost. This rate case, or other possible future rate cases, could lead to an increase in the price that Ravenswood pays for electricity and thereby decrease profit margins.

Unexpected events, including natural disasters, may increase our cost of doing business or disrupt our operations.

Unexpected events, including fires or explosions at our facilities, natural disasters, such as hurricanes, unplanned power outages, supply disruptions, or equipment failures, may increase our cost of doing business or otherwise disrupt our operations.

We are subject to the risk of union disputes.

The bargaining unit employees at Ravenswood and Hawesville and at the Gramercy refinery are represented by the United Steelworkers of America ("USWA"). Century's USWA labor contracts at Hawesville and Ravenswood and the labor contract at Gramercy expire in March 2010, May 2009, and September 2010, respectively. Our bargaining unit employees at Grundartangi are represented by five unions under a collective bargaining agreement that expires on December 31, 2009.

If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As a result of a threatened strike in July 2006, we commenced an orderly shut down of one of the four potlines at Ravenswood. Although the notice to strike was rescinded after we reached agreement with the USWA on a new labor contract, our production at Ravenswood was curtailed while we restarted the potline. Any threatened or actual work stoppage in the future could prevent or significantly impair our ability to conduct production operations at our unionized facilities, which could have a material adverse effect on our financial results.

We are subject to a variety of environmental laws that could result in costs or liabilities.

We are obligated to comply with various federal, state and other environmental laws and regulations, including the environmental laws and regulations of the United States, Iceland, the European Union ("EU") and Jamaica. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. In addition, we are currently and may in the future be responsible for the cleanup of contamination at some of our current and former manufacturing facilities or for the amelioration of damage to natural resources.

We, along with others, including current and former owners of a facility on St. Croix in the Virgin Islands, formerly owned by a subsidiary of ours, have been sued for alleged natural resources damages at the facility. In addition, in December 2006, we and the company that purchased the assets of our St. Croix facility in 1995 were sued by the Commissioner of the U.S. Virgin Islands Department of Planning and Natural Resources alleging our failure to take certain actions specified in a Virgin Islands Coastal Zone management permit issued to our subsidiary Virgin Island Alumina Corporation LLC in October 1994. Also, in July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. Our known liabilities with respect to these and other matters relating to environmental compliance and cleanup, based on current information, are not expected to be material. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered or alleged, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may be material and could affect our liquidity and our operating results. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire in the future. In addition, overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than current or projected expenditures and costs.

Acquisitions may present difficulties.

We have a history of making acquisitions and we expect to make acquisitions in the future. We are subject to numerous risks as a result of our acquisitions, including the following:

- it may be challenging for us to manage our existing business as we integrate acquired operations;
- we may not achieve the anticipated benefits from our acquisitions; and
- management of acquisitions will require continued development of financial controls and information systems, which may prove to be expensive, time-consuming, and difficult to maintain.

Accordingly, our recent or future acquisitions might not ultimately improve our competitive position and business prospects as anticipated.

Operating in foreign countries exposes us to political, regulatory, currency and other related risks.

Grundartangi, in Iceland, was our first facility located outside of the United States. Following completion of the ongoing expansion at that facility, it will represent approximately 33% of our overall primary aluminum production capacity. We also are exploring other opportunities in other countries. The St. Ann bauxite operations related to the Gramercy plant are located in Jamaica. We are considering the development of greenfield upstream aluminum projects in several foreign countries, including the Republic of Congo and Jamaica. We may in the future consider other investments in other foreign countries. International operations expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased cost to adapt our systems and practices to those used in foreign countries, export duties, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws. In addition, we may be exposed to fluctuations in currency exchange rates and, as a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. For example, Nordural's revenues are denominated in U.S. dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. In addition, a majority of our costs in connection with the ongoing expansion of the Grundartangi facility are denominated in currencies other than the U.S. dollar. As we continue to expand the Grundartangi facility and explore other opportunities, our currency risk with respect to the Icelandic krona and other foreign currencies will significantly increase.

Our historical financial information may not be comparable to our results for future periods.

Our historical financial information is not necessarily indicative of our future results of operations, financial position and cash flows. For example, certain of our historical financial data do not reflect the effects of:

- our acquisition of Nordural prior to April 27, 2004;
- the equity in the earnings of our joint ventures prior to October 1, 2004; and
- the 130,000 mtpy expansion capacity of Grundartangi that was completed in the fourth quarter of 2006.

Our high level of indebtedness requires significant cash flow to meet our debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits our ability to pursue our growth strategy.

We are highly leveraged. We had an aggregate of approximately $773 million of outstanding indebtedness as of March 31, 2007. In addition, we could borrow additional amounts under our $100 million credit facility. The level of our indebtedness could have important consequences, including:

- limiting cash flow available for capital expenditures, acquisitions, dividends, working capital and other general corporate purposes because a substantial portion of our cash flow from operations must be dedicated to servicing our debt;
- increasing our vulnerability to adverse economic and industry conditions; and
- limiting our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate.

We will be required to settle in cash up to the principal amount of our $175 million convertible notes (which are convertible by the holder at any time) upon conversion, which could increase our debt service obligations. In addition to our indebtedness, we have liabilities and other obligations which could reduce cash available for other purposes and could limit our ability to pursue our growth strategy. More information about our liquidity and debt service obligations is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" in our 2006 Annual Report on Form 10-K.

We are also exposed to risks of interest rate increases. We had approximately $341 million of debt with variable interest rates at March 31, 2007, of which, at March 31, 2007, approximately $332 million were borrowings under Nordural's $365 million senior term loan facility. At April 30, 2007, Nordural had borrowings under its senior term loan facility of approximately $272 million. Nordural's annual debt service requirements will vary, as amounts outstanding under its term loan facility bear interest at a variable rate.

Our ability to pay interest and to repay or refinance our indebtedness, including Nordural's senior term loan facility, our senior unsecured notes and convertible notes, and to satisfy other commitments, including funding the ongoing Grundartangi expansion, will depend upon our future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors, including market prices for primary aluminum, that are beyond our control. Accordingly, there is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay debt service obligations or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our indebtedness or seek additional equity capital. There can be no assurance that we would be able to accomplish those actions on satisfactory terms.

Restrictive covenants in our credit facility and the indenture governing our senior notes limit our ability to incur additional debt and pursue our growth strategy.

Our revolving credit facility and the indenture governing our senior unsecured notes each contain various covenants that restrict the way we conduct our business and limit our ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, which may impair our ability to pursue our growth strategy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations" in our 2006 Annual Report on Form 10-K. Any failure to comply with those covenants may constitute a breach under the revolving credit facility or the indenture governing the notes, which may result in the acceleration of all or a substantial portion of our outstanding indebtedness and termination of commitments under our revolving credit facility. If our indebtedness is accelerated, we may be unable to repay the required amounts and our secured lenders could foreclose on any collateral securing our secured debt.

Substantially all of Nordural's assets are pledged as security under its term loan facility. In addition, the shares of Nordural have been pledged to the lenders as collateral. If Nordural is unable to comply with the covenants in its term loan, the lenders would be able to cause all or part of the amounts outstanding under the loan facility to be immediately due and payable and foreclose on any collateral securing the loan facility. The term loan facility also contains restrictions on Nordural's ability to pay dividends, including a requirement that Nordural make a repayment of principal in an amount equal to 50% of any dividend paid to shareholders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" in our 2006 Annual Report on Form 10-K.

Further metals industry consolidation could provide competitive advantages to our competitors.

The metals industry has experienced consolidation over the past several years and there may be more consolidation transactions in the future. Consolidation by our competitors may enhance their capacity and their access to resources, lower their cost structure and put us at a competitive disadvantage. Continued consolidation may limit our ability to implement our strategic objectives effectively. We cannot reliably predict the impact on us of further consolidation in the aluminum industry.

Reductions in the duty on primary aluminum imports into the European Union decrease our revenues at Grundartangi.

Grundartangi's tolling revenues include a premium based on the EU import duty for primary aluminum. In May 2007, the EU members reduced the import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi's revenues and further decreases would also have a negative impact on Grundartangi's revenues.

We depend upon dividends from our subsidiaries to meet our debt service obligations.

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of dividends from our subsidiaries. Nordural's senior term loan facility places significant limitations on Nordural's ability to pay dividends. Subject to the restrictions contained in our revolving credit facility and the indentures governing our senior and convertible notes, future borrowings by our subsidiaries could contain restrictions or prohibitions on the payment of dividends by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock.

The price of our common stock has fluctuated significantly.

The market price of our common stock has experienced significant volatility from time to time, and this volatility may continue in the future. From January 1, 2006, through April 30, 2007, the intra-day sales price of our common stock on NASDAQ ranged from $26.14 to $56.57 per share. In addition, the securities markets have experienced significant price and volume fluctuations. The market price for our common stock may be affected by a number of factors, including actual or anticipated variations in our quarterly results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, changes in research coverage by securities analysts, any announcement by us of significant acquisitions, strategic partnerships, joint ventures or capital commitments, developments in the aluminum industry, including with respect to our major competitors, and sales of substantial numbers of shares by current holders of our common stock in the public market. In addition, general economic, political and market conditions and other factors unrelated to our operating performance may cause the market price of our common stock to be volatile.

Provisions in our charter documents and state law may make it difficult for others to obtain control of Century Aluminum, even though some stockholders may consider them to be beneficial.

Certain provisions of our restated certificate of incorporation and amended and restated bylaws, as well as provisions of the Delaware General Corporation Law, may have the effect of delaying, deferring or preventing a change in control of Century, including transactions in which our stockholders might otherwise have received a substantial premium for their shares over then-current market prices. For example, these provisions:

- give authority to our board of directors to issue preferred stock and to determine the price, rights, preferences, privileges and restrictions of the shares of preferred stock without any stockholder vote;

- provide, under our charter documents, for a board of directors consisting of three classes, each of which serves for a different three-year term;

- require stockholders to give advance notice prior to submitting proposals for consideration at stockholders' meetings or to nominate persons for election as directors; and

- restrict, under our charter documents, certain business combinations between us and any person who beneficially owns 10% or more of our outstanding voting stock.

In addition, several of our officers have entered into employment and severance compensation agreements that provide for cash payments, immediate vesting of stock options and performance shares and acceleration of other benefits under certain circumstances, including a change in control of Century. Our 1996 Stock Incentive Plan, as amended, also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change in control, and our Non-Employee Directors' Stock Option Plan provides for acceleration of an option holder's ability to exercise stock options upon a change in control.

This list of important risk factors is not all-inclusive or necessarily in order of importance.

Item 6. Exhibit Index

		Incorporated by Reference			
Exhibit Number	Description of Exhibit	Form	File No.	Filing Date	Filed Herewith
10.1	Employment Agreement, dated as of March 1, 2007, by and between Century Aluminum Company and Wayne Hale.*				X
10.2	Severance Protection Agreement, dated as of March 1, 2007, by and between Century Aluminum Company and Wayne Hale.*				X
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.				X
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.				X
32.1	Section 1350 Certifications.				X

*Management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Century Aluminum Company

Date: May 10, 2007 By: /s/ Logan W. Kruger
Logan W. Kruger
President and Chief Executive Officer

Date: May 10, 2007 By: /s/ Michael A. Bless
Michael A. Bless
Executive Vice-President/Chief Financial Officer

Exhibit Index

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31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.				X
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.				X
32.1	Section 1350 Certifications.				X

APPENDIX V

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EXECUTION VERSION

DEPOSITARY AGREEMENT

This Depositary Agreement (the "Agreement") is made and entered into effective as of June 4, 2007 (the "**Effective Date**") by and among Century Aluminum Company, with a principal place of business at 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, United States of America ("**Century**"), Arion Custody Services hf., with a principal place of business at Ármúla 13, 108 Reykjavík, Iceland ("**Arion**" or the "**Depositary**"), and all holders from time to time of depositary receipts issued hereunder.

RECITALS

WHEREAS, Century has proposed engaging in an equity financing involving a registered offering (the "**Offering**") under the U.S. Securities Act (as defined in Section 1 below) of shares of its common stock (the "**Common Stock**") to certain investors in Iceland.

WHEREAS, in connection with the Offering, Century intends to list (the "**Listing**") depositary receipts (the "**Depositary Receipts**") issued by Arion representing the Stock (as defined in Section 1 below) on First North Iceland ("**First North**").

WHEREAS, corresponding Depositary Receipts, one for each share of the Stock deposited with Arion pursuant to this Agreement, will be issued electronically in the book-entry system of the Icelandic Securities Depository (as defined in Section 1 below).

WHEREAS, Arion is a member to the Icelandic Securities Depository and is willing to act as depositary and issuer of the Depositary Receipts.

AGREEMENT

In consideration of the foregoing recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the parties, intending to be legally bound, agree as follows:

1. Definitions.

The following definitions shall apply to the respective terms (in the singular and plural forms of such terms) as used in this Agreement:

"Account Operator" means an enterprise or institution which, on the basis of an agreement of association with the Icelandic Securities Depository, serves as intermediary in the registration of title to dematerialized securities issued in the book-entry system of the Icelandic Securities Depository.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for business in Iceland.

"Icelandic Securities Depository" means Icelandic Securities Depository hf., with a principal place of business at Laugavegur 182, 105 Reykjavík, Iceland.

"ISK" means Icelandic krona.

"record holder" means any individual, enterprise or institution, which is a registered owner of a Depositary Receipt.

"Stock" means any shares of Common Stock (i) originally issued and sold by Century (including, without limitation, all the shares sold in the Offering); (ii) represented in book-

entry form; and (iii) deposited by the registered holder of such stock (as reflected on Century's share registry immediately prior to such deposit) with the Depositary pursuant to this Agreement in exchange for Depositary Receipts.

"United States" shall mean the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"U.S. Securities Act" means the U.S. Securities Act of 1933, as amended.

"VS-Account" means a list of final entries of an account holder of dematerialized securities issued in the book-entry system of the Icelandic Securities Depository, cf. Article 2 of the Icelandic Act No. 131/1997, on Registration of Title to Securities.

2. Form and Transfer of Depositary Receipts, and Deposit and Withdrawal of Stock.

2.1 <u>Form and transfer of Depositary Receipts</u>.

The Depositary Receipts shall be issued in dematerialized form with the Icelandic Securities Depository in accordance with Act No. 131/1997, on Registration on Title to Securities, and the rules of the Icelandic Securities Depository.

Subject to the terms of this Agreement, the Depositary shall record in its books all Depositary Receipts issued in exchange for shares of Stock and delivered as provided for in this Agreement. Moreover, the Depositary shall take all steps reasonably necessary to ensure proper registration of such Depositary Receipts by the Icelandic Securities Depository.

If the Depositary becomes aware of any fact or circumstance that causes it to believe that a holder of Depositary Receipts has acquired Depositary Receipts in violation of applicable U.S. or Icelandic laws, the Depositary shall promptly notify Century of such violation and use its best efforts to cooperate with Century to determine if such person is in fact holding Depositary Receipts in violation of applicable laws and if so, to rectify such violation.

Each Depositary Receipt shall be listed, traded and settled in ISK and represent one share of Stock. If trading and settlement of the Depositary Receipts in U.S. dollars can be accommodated in the future and Century determines that the Depositary Receipts are to be listed, traded and settled in U.S. dollars, the Depositary will use its best efforts to take all steps requested of it by Century to effectuate such listing, trading and settlement in U.S. dollars.

Rights to the Depositary Receipts must be registered with the Icelandic Securities Depository in order to enjoy legal protection with regard to execution measures and disposal by contract. Negotiable certificates may not be issued for the rights attached to the Depositary Receipts nor may such certificates be transferred; any such negotiable certificates and transactions are invalid.

Registration of title to a Depositary Receipt in the Icelandic Securities Depository, following final entry by the Icelandic Securities Depository, grants the registered holder legal authority to the registered rights and shall be the equivalent of certification of ownership of the Depositary Receipts towards the Depositary.

The priority of incompatible rights shall be determined by the time of receipt by the Icelandic Securities Depository of an Account Operator's request for their registration.

The legal effect of registration is considered to apply from the moment the final entry has been made by the Icelandic Securities Depository. Pursuant to the Act on Electronic Title to Securities, an Account Operator is obliged to notify the Icelandic Securities Depository without delay of a request for registration, provided the party requesting registration has presented information satisfactory to the Account Operator concerning the basis of the request.

2.2 Deposit of Stock in exchange for Depositary Receipts.

Subject to the terms and conditions of this Agreement, any holder of Common Stock (including without limitation Century on its own behalf or on behalf of purchasers participating in the Offering) may deposit shares of such Common Stock under this Agreement by delivery to the Depositary of such shares of Common Stock to be deposited, properly endorsed or accompanied, if required by the Depositary, by a properly executed instrument of transfer in form satisfactory to the Depositary, together with (i) any certification, representation and warranty, or covenant as may be deemed reasonably necessary or appropriate by the Depositary or Century to effectuate the exchange (including, without limitation, any certifications, representations and warranties, or covenants reasonably deemed necessary or proper by the Depositary or Century for assurance of compliance with applicable U.S. or Icelandic laws) and (ii) a written order of such holder directing the Depositary to effectuate to such person the issuance of a number of Depositary Receipts equal to the number of shares of Stock deposited.

Subject to the terms and conditions of this Agreement, upon receipt by the Depositary of the Stock to be deposited hereunder, together with the other documents specified above, the Depositary shall, (i) prior to effectuating any exchange for Depositary Receipts, contact Century to confirm the depositor is the registered holder of such Common Stock (as reflected on Century's share registry immediately prior to such deposit) and (ii) following receipt of such confirmation, promptly take all steps reasonably necessary to (a) effectuate the issuance of that number of Depositary Receipts equal to the number of whole shares of Common Stock so deposited, (b) effectuate the recordation/registration of such Depositary Receipts in such name or names as may be requested by the depositor in the order referenced above, and (c) assure the transfer and registration of such Common Stock in the name of the Depositary or its nominee in Century's share registry. The Depositary shall electronically deliver such Depositary Receipts into the VS-Account of the depositor, in the name or names under which such Depositary Receipts are to be registered; *provided* that the confirmation under subsection (i) above will not be required with respect to shares of Stock sent by Century to the Depositary (including without limitation, the shares sold in the Offering); *provided further*, that, upon the order of the depositor, the Depositary shall electronically deliver such Depositary Receipts into another person's VS-Account or such other place as may be reasonably designated by such depositor. In each case, delivery will be made only upon payment to the Depositary of all taxes and other governmental charges and any fees payable in connection with such deposit and the transfer of the deposited shares of Common Stock.

2.3 Register of transfer of Depositary Receipts.

Subject to the terms and conditions of this Agreement, the Depositary shall register on its books from time to time all issuances, transfers of and Stock withdrawals related to the Depositary Receipts, and shall maintain an up to date list of the names, addresses and Depositary Receipt holdings of all persons in whose names Depositary Receipts are registered on such books. Moreover, the Depositary shall take all steps reasonably necessary to ensure proper registration by the Icelandic Securities Depository of all issuances, transfers of and Stock withdrawals related to the Depositary Receipts.

2.4 Withdrawal of Stock.

Any holder of a Depositary Receipt shall have the right at any time (including upon termination of this Agreement pursuant to Section 6.2), upon payment of any amount due

to the Depositary with respect to the Depositary Receipt and delivery of any required transfer documents, certifications, representations and warranties, or covenants as set forth below, to withdraw any or all of the Stock (but only in whole shares of Stock) represented by the Depositary Receipts and all money and other property, if any, represented by such Depositary Receipts. Holders of the Depositary Receipts will be solely responsible for payment of withdrawal fees to the Depositary.

As a condition precedent to the withdrawal of any Stock pursuant to this Section 2.4, the Depositary shall receive from the holder seeking to exchange its Depositary Receipts for the underlying Stock, a written order from such holder directing the Depositary to deliver to such holder in book-entry form a specified number of shares of Common Stock equal to the number of Depositary Receipts being exchanged by such holder, together with any certifications, representations and warranties, or covenants as may be deemed reasonably necessary or appropriate by the Depositary or Century to effectuate the exchange (including, without limitation, any certifications, representations and warranties, or covenants reasonably deemed necessary or proper by the Depositary or Century for assurance of compliance with applicable U.S. or Icelandic securities laws).

After receipt by the Depositary of the order and other documents specified above, without unreasonable delay, the Depositary shall (i) procure and subsequently deliver to the holder in book-entry form the whole number of shares of Stock and all such money and other property, if any, represented by the Stock evidenced by the Depositary Receipt or Depositary Receipts so exchanged; (ii) promptly record such exchange in its books; and (iii) promptly take all steps necessary to (a) assure the exchange is appropriately reflected in the Icelandic Securities Depository system and (b) comply with any applicable rules or regulations relating to such exchange. In addition, the Depositary hereby agrees to use its best efforts to work with Century to promptly effectuate any stock cancellations or issuances deemed necessary or appropriate by Century in connection with any requested Stock withdrawal under this Section 2.4.

Delivery of the Stock and such money and other property being withdrawn may be made by the delivery of such certificates, documents of title and other instruments as the Depositary may deem appropriate, which, if required by the Depositary, shall be properly endorsed or accompanied by proper instruments of transfer. The Depositary shall deliver the Stock and the money and other property, if any, represented by the Depositary Receipts requested to be exchanged, without unreasonable delay, at the Depositary's corporate office, except that, at the request, risk and expense of Century, such delivery may be made, without unreasonable delay, at such other place as may be designated by Century.

2.5 Limitations on the issuance of Depositary Receipts and withdrawal or deposit of Stock.

In addition to the conditions precedent set forth in Section 2.2 and Section 2.4, as a condition precedent to the issuance of any Depositary Receipts or withdrawal or deposit of Stock pursuant to this Agreement, the Depositary or Century may require any or all of the following: (i) payment to it of a sum sufficient for the payment (or, in the event that the Depositary or Century shall have made such payment, the reimbursement to it) of any tax or other governmental charge or any fee with respect thereto (including any such tax or charge or fee with respect to the Stock being deposited or the Stock being withdrawn or with respect to property of Century being issued thereupon) and (ii) production of proof satisfactory to it as to the identity and genuineness of any signature.

The issuance of any Depositary Receipts or withdrawal or deposit of Stock pursuant to this Agreement may be suspended (i) during any period when Century is closed; (ii) if any such action is deemed necessary or advisable by the Depositary or Century at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Agreement; or (iii) with the approval of Century, for any other reason.

The Depositary shall take reasonable steps to assure any issuance of Depositary Receipts or withdrawal or deposit of Stock pursuant to this Agreement is made in accordance with applicable U.S. and Icelandic laws and regulations.

3. **Certain Obligations of holders of Depositary Receipts and Century.**

3.1. Filing proofs, certificates and other information.

Any person presenting Common Stock for deposit or any holder of a Depositary Receipt may be required from time to time to file such proof of residence or other information, to execute such certificates and to make such representations and warranties or covenants as the Depositary or Century may reasonably deem necessary or proper (including, without limitation, any certifications, representations and warranties, or covenants reasonably deemed necessary or proper by the Depositary or Century for assurance of compliance with applicable U.S. or Icelandic laws). The Depositary or Century may withhold or delay the delivery of any Depositary Receipt, the recordation of transfer of any Depositary Receipt or the withdrawal of the Stock represented by the Depositary Receipt, the distribution of any dividend or other distribution with respect to the Stock, or refuse to accept Depositary Receipts that are delivered for surrender, until such proof or other information is filed, such certificates are executed or such representations and warranties or covenants are made.

3.2. Payment of taxes or other governmental charges or any fees.

If any tax or other governmental charge or any fee shall become payable by or on behalf of the Depositary with respect to (i) any Depositary Receipt; (ii) the Stock (or fractional interest therein) or other property represented by such Depositary Receipts; or (iii) any transaction referred to in Section 4.6 of this Agreement, such tax (including transfer, issuance or acquisition taxes, if any) or governmental charge or fee shall be payable by the holder of such Depositary Receipt, who shall pay the amount thereof to the Depositary. Until such payment is made, recordation or transfer of any Depositary Receipt or any withdrawal of the Stock or money or other property, if any, represented by the Depositary Receipt may be refused, any dividend or other distribution may be withheld and any part or all of the Stock or other property represented by the Depositary Receipt may be sold for the account of the holder thereof (after attempting by reasonable means to notify such holder prior to such sale). Any dividend or other distribution so withheld and the proceeds of any such sale may be applied to any payment of such tax or other governmental charge or fee, the holder of such Depositary Receipt remaining liable for any deficiency.

3.3. Representation and warranties and covenants of depositors/registrants.

In the case of the initial deposit of Stock, each person or legal entity in whose name the deposited Stock is registered shall be deemed thereby to represent and warrant at the time of such deposit that:

(i) such Stock is valid;

(ii) such depositor is the registered holder of such Stock; and

(iii) such depositor is duly authorized to do so.

Each person or legal entity in whose name Depositary Receipts are registered (whether in connection with an initial deposit of Stock or in connection with the transfer of Depositary

Receipts effectuated through First North) shall be deemed thereby at the time of such deposit or transfer to represent and warrant that:

The act of depositing the Shares does not violate or infringe on any right of a third party and the depositing party is permitted under law to perform the act of depositing.

Arion will bear no liability for any infringement claim of any kind to the extent it results from Arion's actions according to this Agreement.

The Depositor indemnifies Arion against any claim arising from Arion's actions according to this Agreement.

Such representations and warranties and covenants shall survive the deposit of the Stock and the issuance of Depositary Receipts therefor, or the transfer of the Depositary Receipts from one holder to another, as applicable.

4. **The Stock and Stockholders' Rights.**

4.1. Cash distributions.

Whenever the Depositary shall receive any cash dividend or other cash distribution on the Stock, the Depositary shall, subject to Section 3.2, distribute said cash received from Century to holders of Depositary Receipts on the record date fixed pursuant to Section 4.4, in such amounts of such sum as are, as nearly as practicable, in proportion to the respective numbers of Depositary Receipts held by such holders; *provided*, *however*, that the Depositary undertakes to withhold such taxes as may be required by Icelandic law to be withheld and shall withhold from any cash dividend or other cash distribution in respect of the Stock an amount on account of taxes, and the amount made available for distribution or distributed in respect of Depositary Receipts shall be reduced by the Depositary accordingly. Century shall have no obligations under this Agreement to withhold taxes due to Icelandic tax authorities with respect to dividends or other distributions payable on Stock underlying Depositary Receipts. The Depositary shall distribute or make available for distribution, as the case may be, only such amount, however, as can be distributed without attributing to any holder of Depositary Receipts a fraction of one cent and any balance not so distributable shall be held by the Depositary (without liability for interest thereon) and shall be added to and be treated as part of the next sum received by the Depositary for distribution to record holders of Depositary Receipts then outstanding.

4.2 Distributions other than cash.

Whenever the Depositary shall receive any distribution other than cash, rights, preferences or privileges upon the Stock, the Depositary shall in a reasonable manner, subject to Section 3.2, distribute to the record holders of Depositary Receipts on the record date fixed pursuant to Section 4.4, such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of Depositary Receipts held by such holders, in any manner that the Depositary and Century may deem equitable and practicable for accomplishing such distribution. If, in the opinion of Century after consultation with the Depositary, such distribution cannot be made proportionately among such record holders, or if for any other reason (including any tax withholding or other requirement of law), the Depositary deems, after consultation with Century, such distribution not to be feasible, the Depositary may, with the approval of Century, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall, subject to Section 3.2, be distributed or made available for distribution, as the case may be, by the Depositary to record holders of Depositary Receipts as provided in Section 4.1 in the case of a distribution received in cash.

4.3 <u>Subscription rights, preferences or privileges.</u>

If Century shall at any time offer or cause to be offered to the persons or legal entities in whose names Stock is registered on the books of the Depositary any rights, preferences or privileges to subscribe for or to purchase any securities or any rights, preferences or privileges of any other nature, such rights, preferences or privileges shall in each such instance be made available by the Depositary to the record holders of Depositary Receipts in such manner as Century shall instruct; *provided, however*, that (i) if at the time of issue or offer of any such rights, preferences or privileges Century determines and instructs the Depositary that it is not lawful or feasible to make such rights, preferences or privileges available to some or all holders of Depositary Receipts or (ii) if and to the extent instructed by holders of Depositary Receipts who do not desire to exercise such rights, preferences or privileges, the Depositary shall then, in each case, and if applicable laws or the terms of such rights, preferences or privileges so permit and a market exists for such rights, preferences or privileges, sell such rights, preferences or privileges of such holders at a public or private sale, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale, if any, shall be distributed by the Depositary to the record holders of Depositary Receipts entitled thereto as provided in Section 4.1 in the case of a distribution received in cash.

If registration under the U.S. Securities Act to which any rights, preferences or privileges relate is required in order for holders of Depositary Receipts to be offered or sold such securities, the Depositary shall not make available to the holders of Depositary Receipts such rights, preferences or privileges unless and until a registration statement covering the offer and sale of such securities shall have become effective or unless the offer and sale of such securities to such holders is exempt from registration under the U.S. Securities Act.

If any action under the law of any jurisdiction or any governmental or administrative authorization, consent or permit is required in order for such rights, preferences or privileges to be made available to holders of Depositary Receipts, Century agrees with the Depositary that Century will use its reasonable efforts to take such action or obtain such authorization, consent or permit sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to exercise such rights, preferences or privileges.

4.4 <u>Notice of dividends and fixing of record date for holders of Depositary Receipts.</u>

Whenever (i) any cash dividend or other cash distribution shall become payable, or any distribution other than cash shall be made, or any rights, preferences or privileges shall at any time be offered, with respect to the Stock, or (ii) the Depositary shall receive notice of any meeting at which holders of Stock are entitled to vote or of which stockholders of Century are entitled to notice, the Depositary shall in each such instance fix a record date (which shall be the same date as the record date fixed by Century with respect to the Common Stock) for the determination of the holders of Depositary Receipts (a) who shall be entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof, or (b) who shall be entitled to give instructions for the exercise of voting rights at any such meeting or to receive notice of such meeting.

4.5 <u>Voting rights.</u>

Upon receipt of notice of any meeting at which the stockholders of Century are entitled to vote or a request for action by written consent of stockholders in lieu of a meeting, the Depositary shall, as soon as practicable thereafter, mail to the record holders of

Depository Receipts a notice, which shall be provided by Century and which shall contain (i) such information as is contained in such notice of meeting or written consent, as applicable; (ii) a statement that the holders of Depositary Receipts at the close of business on a specified record date fixed pursuant to Section 4.4 will be entitled, subject to any applicable provision of law, Century's Restated Certificate of Incorporation, as amended, or Century's Amended and Restated Bylaws, as amended, to instruct the Depositary as to the exercise of the voting rights pertaining to the Stock represented by their respective Depositary Receipts; and (iii) a brief statement as to the manner in which such instructions may be given. Upon the written request of a holder of a Depositary Receipt on such record date, the Depositary shall endeavor insofar as reasonably practicable to vote or cause to be voted the Stock represented by the Depositary Receipts in accordance with the instructions set forth in such request. Century hereby agrees to take all reasonable action that may be deemed reasonably necessary by the Depositary in order to enable the Depositary to vote such Stock or cause such Stock to be voted. In the absence of specific instructions from the holder of a Depositary Receipt, the Depositary will abstain from voting the Stock represented by such Depositary Receipt.

4.6 <u>Changes affecting stock and reclassifications, recapitalizations, etc.</u>

Upon any split-up, consolidation or any other reclassification of the Common Stock, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting Century or to which it is a party or sale of all or substantially all of Century's assets, the Depositary shall treat any capital stock of Century or other securities or property (including cash) that shall be received by the Depositary in exchange for or in conversion of or in respect of the Stock as new deposited property under this Agreement, and Depositary Receipts then outstanding shall thenceforth represent the proportionate interests of holders thereof in the new deposited property so received in exchange for or in respect of such Stock. In any such case the Depositary may, in its reasonable discretion, with the approval of Century, execute and deliver additional Depositary Receipts, or may call for the surrender of all outstanding Depositary Receipts to be exchanged for new Depositary Receipts specifically describing such new deposited property.

4.7 <u>Reports.</u>

If Century transmits to the Depositary any notices, reports, communications, proxy materials, written consents or other documents to be furnished by Century to its stockholders of record, upon receipt of such transmission, the Depositary will as soon as reasonably practicable and in all events within 2 Business Days thereafter further transmit such notices, reports, communications or other documents to each record holder of Depositary Receipts. All notices, reports, communications, proxy materials, written consents or other documents to be furnished by Century to its stockholders of record and further transmitted by the Depositary hereunder shall be in English.

4.8 <u>Register of holders of Depositary Receipts.</u>

Promptly upon request from time to time by Century, the Depositary shall furnish to it a list, as of a recent date, of the names, addresses and holdings of Depositary Receipts of all persons in whose names Depositary Receipts are registered on the books of the Depositary or any agent thereof. At Century's expense, Century shall have the right to inspect transfer and recordation records of the Depositary or any agent thereof, take copies of such records and require the Depositary or any agent thereof to supply copies of such portions of such records as Century may request.

5. **The Depositary and Century**

5.1. <u>Maintenance of Offices and Transfer Books by the Depositary.</u>

Upon execution of this Agreement in accordance with its terms, the Depositary shall maintain adequate facilities and resources for the recordation of Depositary Receipts, deposit and withdrawal of Stock and performance of its other obligations hereunder.

The Depositary shall keep books at its corporate offices for the recordation of the issuance, transfer of and Stock withdrawals related to the Depositary Receipts, which books at all reasonable times shall be open for inspection by the record holders of the Depositary Receipts; *provided* that any such holder requesting to exercise such right shall certify to the Depositary that such inspection shall be for a proper purpose reasonably related to such person's interest as an owner of Depositary Receipts or underlying Stock. The Depositary shall consult with Century upon receipt of any request for inspection when deemed reasonably appropriate to do so. The Depositary may close such books, at any time or from time to time, when deemed reasonably expedient by it in connection with the performance of its obligations hereunder.

5.2. Prevention or delay in performance by the Depositary or Century.

Neither the Depositary nor Century shall incur any liability to any holder of any Depositary Receipt or other person, if by reason of any provision of any present or future law or regulation thereunder of Iceland or the United States of America or of any other governmental authority or of any provision, present or future, of Century's Restated Certificate of Incorporation, as amended, or by reason of any act of god or war or other circumstances beyond the control of the relevant party, the Depositary or Century shall be prevented or forbidden from doing or performing any act or thing that the terms of this Agreement provide shall be done or performed; nor shall the Depositary or Century incur any liability to any holder of a Depositary Receipt (i) by reason of any nonperformance or delay, caused as aforesaid, in the performance of any act or thing that the terms of this Agreement provide shall or may be done or performed, or (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in this Agreement.

5.3. Obligations of the Depositary and Century.

Century assumes no obligation and shall be subject to no liability to any holder of any Depositary Receipt or other person under this Agreement or the Depositary Receipts, except to perform its obligations as are specifically set forth and undertaken by it to perform pursuant to this Agreement without negligence or willful misconduct. The Depositary assumes no obligation and shall be subject to no liability to any holder of any Depositary Receipt or other person under this Agreement or the Depositary Receipts, except to perform such obligations as are specifically set forth and undertaken by it to perform in this Agreement without negligence or willful misconduct.

Neither the Depositary nor Century shall be liable for any action or any failure to act by it in reliance upon the information from any person presenting Common Stock for deposit, any holder of a Depositary Receipt or any other person believed by it in good faith to be competent to give such information. The Depositary and Century may each rely and shall each be protected in acting upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

5.4. Resignation and removal of the Depositary, Appointment of a new Depositary.

The Depositary may at any time resign as depositary hereunder by written notice to Century of its election to do so, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by Century by written notice to the Depositary of such removal, such removal to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, Century shall within a reasonable time appoint a successor depositary after the delivery of the notice of resignation or removal, as the case may be. Every successor depositary shall execute and deliver to its predecessor and to Century an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor and for all purposes shall be the Depositary under this Agreement, and such predecessor, upon payment of all sums due it and on the written request of Century, shall promptly execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all rights, title and interest in the Stock and any moneys or property held hereunder to such, and shall deliver to such successor a list of the record holders of all outstanding Depositary Receipts. Any successor depositary shall promptly mail notice of its appointment to the record holders of the Depositary Receipts.

Any corporation or other legal entity into or with which the Depositary may be merged, consolidated or converted shall be the successor of such Depositary without the execution or filing of any document or any further act.

5.5. Fees.

Century shall pay the Depositary the fees set out in Appendix 1.

5.6. Indemnification.

Century shall indemnify the Depositary for, and hold it harmless against, any loss, liability, claim or expense ("Loss") arising out of or in connection with its duties under this Agreement, including the reasonable costs and expenses of defending itself against Loss, unless such Loss directly or indirectly arises as a result of the Depositary's negligence or willful misconduct.

The Depositary shall indemnify Century for, and hold it harmless against, any Loss arising out of or in connection with its duties under this Agreement, including the reasonable costs and expenses of defending itself against Loss, which directly or indirectly arises as a result of the Depositary's negligence or willful misconduct.

Century will upon request defend (through mutually agreeable counsel) the Depositary, its successors, assignees, and all of their respective officers, directors, members, shareholders, employees, and agents from any and all Claims, which arise out of (a) Century's breach of this Agreement, or (b) any negligent act or omission or willful misconduct by Century. "Claim" means any action, cause of action, suit, proceeding, claim, or demand of any holder of any Depositary Receipt, other persons under this Agreement or the Depositary Receipts or any third party (and all resulting judgments, bona fide settlements, penalties, damages, losses, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees and costs)).

If any action shall be brought against the Depositary in respect to which indemnity may be sought from Century pursuant to the provisions of this Section, the Depositary shall promptly notify Century in writing, specifying the nature of the action and the total monetary amount sought or other such relief as is sought therein. The Depositary shall cooperate with Century at Century's expense in all reasonable respects in connection with the defense of any such action. Century may upon written notice thereof to the Depositary undertake to conduct all proceedings or negotiations in connection therewith, assume the defense thereof, and if it so undertakes, it shall also undertake all other required steps or proceedings to settle or defend any such action, including the employment of counsel which shall be satisfactory to the Depositary, and payment of all expenses. The Depositary shall have the right, at the Depositary's sole expense, to employ separate counsel and participate in the defense thereof. Century shall reimburse the Depositary upon demand for any payments made or loss suffered at any time after the date hereof, based upon the judgment of any court of competent jurisdiction or pursuant to a bona fide compromise or settlement of claims, demands, or actions, in respect to any damages to which the foregoing relates.

The Depositary will upon request defend (through mutually agreeable counsel) Century, its successors, assignees, and all of their respective officers, directors, members, shareholders, employees, and agents from any and all Claims, which arise out of (a) the Depositary's breach of this Agreement, or (b) any negligent act or omission or willful misconduct by the Depositary.

If any action shall be brought against Century in respect to which indemnity may be sought from the Depositary pursuant to the provisions of this Section, Century shall promptly notify the Depositary in writing, specifying the nature of the action and the total monetary amount sought or other such relief as is sought therein. Century shall cooperate with the Depositary at the Depositary's expense in all reasonable respects in connection with the defense of any such action. The Depositary may upon written notice thereof to Century undertake to conduct all proceedings or negotiations in connection therewith, assume the defense thereof, and if it so undertakes, it shall also undertake all other required steps or proceedings to settle or defend any such action, including the employment of counsel which shall be satisfactory to Century, and payment of all expenses. Century shall have the right, at Century's sole expense, to employ separate counsel and participate in the defense thereof. The Depositary shall reimburse Century upon demand for any payments made or loss suffered at any time after the date hereof, based upon the judgment of any court of competent jurisdiction or pursuant to a bona fide compromise or settlement of claims, demands, or actions, in respect to any damages to which the foregoing relates.

The indemnifying party hereunder shall not be liable for any settlement of any pending or threatened proceeding effected without its prior written consent.

6. Amendments and Termination.

6.1 Amendment.

Any content relating to the Depositary Receipts and any provision of this Agreement may at any time and from time to time be amended by agreement between Century and the Depositary in any respect that they may deem necessary or desirable. Each holder of an outstanding Depositary Receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such Depositary Receipt, to consent and agree to such amendment and to be bound by this Agreement as amended thereby. In no event shall any amendment impair the right, subject to the provisions of this Agreement, of any holder to surrender any Depositary Receipts with instructions to the Depositary to deliver to the holder the underlying Stock and to deliver all securities, money and other property, if any, represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, in no event shall an amendment adversely alter the Depositary Receipt holders' rights in the underlying Stock except through an amendment of Century's Restated Certificate of Incorporation, as amended, which amendment is approved by the requisite vote of Century's stockholders in accordance with

applicable laws and Century's charter documents, and duly authorized amendments to Century's Amended and Restated Bylaws, as amended.

6.2 Termination.

This Agreement may be terminated by either Century or the Depositary, upon written notice to the other, only if (i) all of the outstanding Depositary Receipts have been exchanged for the Stock and no Depositary Receipts are outstanding and trading on First North, or (ii) there has been a final distribution to the holders of Depositary Receipts in connection with Century's liquidation, dissolution or winding up, or a merger involving Century where Century is not the resulting controlling entity. The Depositary will mail notice of such termination to the record holders of all Depositary Receipts then outstanding at least 30 days prior to the date fixed in such notice for such termination. If any Depositary Receipts shall remain outstanding after the date of termination of this Agreement, the Depositary thereafter shall discontinue the transfer of Depositary Receipts, and shall not give any further notices or perform any further acts under this Agreement, except that the Depositary shall continue to deliver the Stock and any money and other property represented by Depositary Receipts upon surrender thereof by the holders thereof, and the Depositary shall be discharged from all obligations under this Agreement except to account for such Stock, money, other property and security deposit amount. Upon the termination of this Agreement, Century shall be discharged from all obligations under this Agreement except for its obligations to the Depositary under Sections 5.5 and 5.6.

The Depositary shall have the right to terminate this Agreement with immediate effect if payment(s) payable by Century under this Agreement are overdue for more than 30 days.

Notwithstanding the foregoing, this Agreement shall terminate if the Offering is terminated on or prior to July 1, 2007.

7. Miscellaneous.

7.1 Counterparts.

This Agreement may be executed by Century and the Depositary in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement. Copies of this Agreement shall be filed with the Depositary and shall be open to inspection during business hours at the Depositary's corporate office by any holder of a Depositary Receipt.

7.2 Exclusive Benefit of Parties.

This Agreement is for the exclusive benefit of the parties hereto, and their respective successors hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

7.3 Invalidity of Provisions.

In case any one or more of the provisions contained in this Agreement or in the Depositary Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

7.4 Notices.

Any notices to be given to Century hereunder or under the Depositary Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, by an internationally recognized overnight courier service or by telecopier confirmed by letter, addressed to Century Aluminum Company at 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, United States of America, Attention: Office of the General Counsel, or at any other place to which Century may have transferred its principal executive office.

Any notices to be given to the Depositary hereunder or under the Depositary Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, by an internationally recognized overnight courier service or by telecopier confirmed by letter, addressed to the Depositary at Ármúli 13, 108 Reykjavík, Iceland, Attention: Chief Executive Officer, or at any other place to which the Depositary may have transferred its principal executive office.

Except as provided in the next paragraph, any notices given to any record holder of a Depositary Receipt hereunder or under the Depositary Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail, by an internationally recognized overnight courier service or by telecopier confirmed by letter, addressed to such record holder at the address of such record holder as it appears on the books of the Depositary or, if such holder shall have filed with the Depositary a written request that notices intended for such holder be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail, by overnight courier or by telecopier shall be deemed to be effected at the time when a duly addressed letter containing the same (or a duly addressed letter confirming an earlier notice in the case of a telecopier message) is deposited, postage prepaid, in a post office letter box or with the overnight courier service. The Depositary or Century may, however, act upon any telecopier message received by it from the other or from any holder of a Depositary Receipt, notwithstanding that such telecopier message shall not subsequently be confirmed by letter as aforesaid.

7.5 Holders of Depositary Receipts are parties.

Notwithstanding whether holders of Depositary Receipts have executed and delivered this Agreement or any counterpart thereof, by acceptance of delivery of Depositary Receipts as contemplated by this Agreement, the holders of Depositary Receipts from time to time shall be deemed to be parties to this Agreement and shall be bound by all of its terms and conditions, and shall be entitled to all of the benefits, hereof and of the Depositary Receipts.

Century shall ensure that the content of this Article 7.5 is clearly stated in the Company Description when the Century Depositary Receipts are admitted to trading on First North and in any other communication to holders from time to time of Depositary Receipts issued under this Agreement.

7.6 Headings.

The headings of articles and sections in this Agreement have been inserted for convenience only and are not to be regarded as a part of this Agreement or to have any bearing upon the meaning or interpretation of any provision contained herein.

7.7 Dollar amounts.

Unless otherwise noted, all references in this Agreement to dollar figures shall refer to amounts in U.S. dollars. All payments by Century to the Depositary set forth herein in ISK

shall be payable by Century in U.S. dollars (at an exchange rate published by reputable financial institution within three Business Days of such payment). All currency exchanges shall be rounded to the nearest ISK or U.S. dollar.

8. Governing Law and Jurisdiction.

This Agreement and the Depositary Receipts shall be governed by Icelandic law. The parties hereby submit any court or legal proceedings to the exclusive jurisdiction of the Districts Court of Reykjavík, Iceland.

[SIGNATURE PAGES FOLLOW]

APPENDIX VI

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RESTATED CERTIFICATE OF INCORPORATION
OF
CENTURY ALUMINUM COMPANY

Century Aluminum Company, a Delaware corporation, hereby certifies as follows:

1. The name of the corporation is Century Aluminum Company (the "Corporation"). The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on February 20, 1981. The name of the Corporation when it was originally incorporated was Richco Exploration, Inc.

2. This Restated Certificate of Incorporation restates and integrates the provisions of the prior Restated Certificate of Incorporation as heretofore amended and supplemented without any further amendments and without any discrepancy between the provisions of the prior Restated Certificate of Incorporation as heretofore amended and supplemented and the provisions of this Restated Certificate of Incorporation. This Restated Certificate of Incorporation was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware.

3. The text of the Certificate of Incorporation of the Corporation is restated to read in its entirety as follows:

FIRST. The name of this Corporation is Century Aluminum Company (the "Corporation").

SECOND. The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, 19808. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. (1) The total number of shares of stock which the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares divided into the following classes:

(a) One Hundred Million (100,000,000) shares of Common Stock with a par value of one cent ($0.01) per share; and

(b) Five Million (5,000,000) shares of Preferred Stock with a par value of one cent ($0.01) per share."

(2) The Board of Directors is authorized, subject to limitations prescribed by law, to provide for the issuance of Preferred Stock from time to time in one or more series with such distinctive serial designations, rights, preferences, and limitations of the shares of each such series as the Board of Directors shall establish, by adopting a resolution and by filing a certificate of designations pursuant to the General Corporation Law of the State of Delaware. The authority of the Board of Directors with respect to each series shall, to the extent allowed by such law, include the authority to establish and fix the following:

(a) The number of shares initially constituting the series and the distinctive designation of that series;

(b) The extent, if any, to which the shares of that series shall have voting rights, whether none, full, fractional or otherwise limited;

(c) Whether the shares of that series shall be entitled to receive dividends (which may be cumulative or noncumulative) and, if so, the rate or rates, the conditions, and the times payable and whether payable in preference to, or in some other relation to, the dividends payable on any other class or classes or any other series of the same or any other class or classes of stock of the Corporation;

(d) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or upon any distribution of its assets;

(e) Whether the shares of that series shall have conversion privileges and, if so, the terms and conditions of such conversion privileges, including provision, if any, for adjustment of the conversion rate and for payment of additional amounts by holders of Preferred Stock of that series upon exercise of such conversion privileges;

(f) Whether or not the shares of that series shall be redeemable, and, if so, the price at and the terms and conditions upon which such shares shall be redeemable, and whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund; and

(g) Such other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof.

Notwithstanding the fixing of the number of shares constituting a particular series upon the issuance thereof, the Board of Directors may at any time thereafter authorize the issuance of additional shares of the same series or may reduce the number of shares constituting such series (but not below the number of shares thereof then outstanding).

An existing Certificate of Designation designating a series of preferred stock is annexed hereto.

FIFTH. (1) The business and affairs of the Corporation shall be managed under the direction of the Board of Directors consisting of not less than three (3) nor more than eleven (11) directors. The exact number of directors within the minimum and maximum limitations specified in the preceding sentence shall be fixed and determined from time to time by resolution adopted by the vote of a majority of the total number of directors.

(2) The Board of Directors shall be divided into three classes: Class I, Class II and Class III, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which such director was elected; provided, however, that each initial director in Class I shall hold office until the annual meeting of stockholders in 1997; each initial director in Class II shall hold office until the annual meeting of stockholders in 1998; and each initial director in Class III shall hold office until the annual meeting of stockholders in 1999.

(3) In the event of any increase or decrease in the authorized number of directors, (a) each director than serving as such shall nevertheless continue as a director of the class of which he is a member until the expiration of his current term, or his earlier resignation, retirement, removal from office, disqualification or death, and (b) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal as possible.

(4) Notwithstanding any of the foregoing provisions of this Article FIFTH, each director shall serve until his successor is elected and qualified or until his earlier resignation, retirement, removal from office, disqualification or death.

(5) Should a vacancy occur or be created, whether arising through resignation, retirement, removal from office, disqualification or death or through an increase in the number of directors, such vacancy shall be filled by the affirmative vote of at least a majority of the directors remaining in office, though they constitute less than a quorum of the Board of Directors and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which they have been elected expires.

(6) Any director or the entire Board of Directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 66-2/3% of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

(7) Notwithstanding any other provision of this Restated Certificate of Incorporation or any other provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, this Restated Certificate of Incorporation or any designation of Preferred Stock, the affirmative vote of the holders of at least 66-2/3% of the combined voting power of the Corporation's outstanding voting securities, voting together as a single class, shall be required to alter, amend or repeal this Article FIFTH.

SIXTH. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to make, alter, amend and repeal the By-laws of the Corporation, subject to the power of the holders of the capital stock of the Corporation to alter, amend or repeal the By-laws; provided, however, that with respect to the power of the

holders of the capital stock of the Corporation to alter, amend or repeal the By-laws of the Corporation, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, this Restated Certificate of Corporation or any designation of Preferred Stock, the affirmative vote of the holders of at least 66-2/3% of the combined voting power of the Corporation's outstanding voting securities, voting together as a single class, shall be required to (i) alter, amend or repeal any provision of the By-laws, or (ii) alter, amend or repeal any provision of this Article SIXTH.

SEVENTH. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, (A) any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders and (B) special meetings of stockholders of the Corporation may be called only by the Board of Directors of the Corporation or the Executive Committee of the Board of Directors. The stockholders of the Corporation may not call a special meeting of stockholders of the Corporation or require the Board of Directors or Executive Committee of the Board of Directors to call a special meeting of the stockholders of the Corporation. The Board of Directors or the Executive Committee of the Board of Directors may call a special meeting of stockholders of the Corporation only by giving written notice to the stockholders of the Corporation. Such notice must specify the purpose or purposes for which the meeting is called. The stockholders of the Corporation may not submit any matters or proposals for consideration at any special meeting. Notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, this Restated Certificate of Incorporation or any designation of Preferred Stock, the affirmative vote of the holders of at least 66-2/3% of the combined voting power of the Corporation's outstanding voting securities, voting together as a single class, shall be required to alter, amend or repeal this Article SEVENTH.

EIGHTH. Notwithstanding any other provisions of this Restated Certificate of Incorporation, the vote of stockholders of the Corporation required to approve any Business Combination (as hereinafter defined) shall be as set forth in this Article EIGHTH.

(1) In addition to any affirmative vote required by law or by this Restated Certificate of Incorporation, and except as otherwise expressly provided in clause (3) of this Article EIGHTH:

(a) any merger or consolidation of the Corporation or any Subsidiary with or into (i) any Interested Stockholder or (ii) any other entity (whether or not itself an Interested Stockholder) that is, or after such merger or consolidation would be, an Affiliate or Associate of an Interested Stockholder; or

(b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to, by or with any

Interested Stockholder of any assets of or to the Corporation or any Subsidiary having an aggregate fair market value of $1,000,000 or more; or

(c) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof); or

(d) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; or

(e) any reclassification of securities (including any reverse stock split), or recapitalization or reorganization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries, or any other transaction (whether or not with or into or otherwise involving any Interested Stockholder), that in any such case has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class or series of stock or securities convertible into stock of the Corporation or any Subsidiary that is directly or indirectly beneficially owned by any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; or

(f) any agreement, contract or other arrangement providing directly or indirectly for any of the foregoing;

shall not be consummated without the affirmative vote of the holders of at least 66-2/3% of the combined voting power of the Corporation's voting securities ("Voting Stock") then outstanding voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "Business Combination" as used in this Article EIGHTH shall mean any transaction that is referred to in any one or more of paragraphs (a) through (f) of clause (1) of this Article EIGHTH.

(3) The provisions of clause (1) of this Article EIGHTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of this Restated Certificate of Incorporation, if all the conditions specified in either of the following paragraphs (a) or (b) are met:

(a) such Business Combination shall have been approved by a majority of the Disinterested Directors; or

(b) all of the six conditions specified in the following clauses (i) through (vi) shall have been met:

(i) the transaction constituting the Business Combination shall provide for a consideration to be received by holders of Common Stock in exchange for all their shares of Common Stock, and the aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of Common Stock beneficially owned by the Interested Stockholder that were acquired (I) within the two-year period immediately prior to the Announcement Date or (II) in the transaction in which it became an Interested Stockholder, whichever is higher; and

(B) the Fair Market Value per share of Common Stock on the Announcement Date or on the Determination Date, whichever is higher, multiplied by the ratio of (I) the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any share of Common Stock already beneficially owned by the Interested Stockholder to (II) the Fair Market Value per share of Common Stock immediately prior to the time when such Interested Stockholder first became a beneficial owner of any shares of Common Stock;

provided, however, that, as used in the foregoing calculations, all prices per share shall be adjusted to reflect any subsequent stock splits, stock dividends or other similar corporate actions;

(ii) the transaction constituting the Business Combination shall provide for a consideration to be received by holders of any class or series of outstanding Voting Stock other than Common Stock in exchange for all their shares of such Voting Stock, and the aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of shares of such Voting Stock in such Business Combination shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph (b)(ii) shall be required to be met with respect to every class and series of such outstanding Voting Stock, whether or not the Interested Stockholder beneficially owns any shares of a particular class or series of Voting Stock):

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any share of such class or series of Voting Stock beneficially owned by the Interested Stockholder that were acquired (I) within the two-year period immediately prior to the Announcement Date or (II) in the transaction in which it became an Interested Stockholder, whichever is higher;

(B) (if applicable) the highest preferential amount per share to which the holders of shares of such class or series of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation regardless of whether the Business Combination to be consummated constitutes such an event; and

(C) the Fair Market Value per share of such class or series of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher, multiplied by the ratio of (I) the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any share of such class or series of Voting Stock already beneficially owned by the Interested Stockholder to (II) the Fair Market Value per share of such class or series of Voting Stock immediately prior to the time when such Interested Stockholder first became a beneficial owner of any shares of such class or series of Voting Stock;

provided, however, that, as used in the foregoing calculations, all prices per share shall be adjusted to reflect any subsequent stock splits, stock dividends or other similar corporate actions;

(iii) the consideration to be received by holders of a particular class or series of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as was previously paid in order to acquire shares of such class or series of Voting Stock that are beneficially owned by the Interested Stockholder, and if the Interested Stockholder beneficially owns shares of any class or series of Voting Stock that were acquired with varying forms of consideration, the form of consideration to be received by holders of such class or series of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class or series of Voting Stock beneficially owned by it;

(iv) after such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination:

(A) the Interested Stockholder shall have taken steps to ensure that the Board of Directors has included at all times representation by Disinterested Director(s) proportionate to the ratio that the shares of Voting Stock which from time to time are owned by holders of Voting Stock who are not Interested Stockholders bear to all shares of Voting Stock outstanding at such respective times (with a Disinterested Director to occupy any resulting fractional Board position);

(B) within the two years prior to the Announcement Date except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular dates therefor the full amount of any dividends (whether or not cumulative) payable on the outstanding Preferred Stock or class or series of stock having a preference over the Common Stock as to dividends or upon liquidation;

(C) within the two years prior to the Announcement Date there shall have been (I) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (II) an increase in such annual rate of dividends (as necessary to prevent any such reduction) in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction that has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Disinterested Directors; and

(D) such Interested Stockholder shall not have become the beneficial owner of any additional shares of Voting Stock or securities convertible into or exchangeable for Voting Stock, except as part of the transaction that resulted in such Interested Stockholder becoming an Interested Stockholder;

(v) after such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have (A) received the benefit, directly or indirectly (except proportionately as a stockholder and except in the ordinary course of business or as part of a supplier/customer relationship), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise, (B) made any major change in the Corporation's business or equity capital structure without the unanimous approval of the Disinterested Directors, or (C) used any asset of the Corporation as collateral, or compensating balances, directly or indirectly, for any obligation of such Interested Stockholder; and

(vi) a proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). Such proxy statement shall contain:

(A) at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the Business Combination which the Disinterested Directors, or any of them, may have furnished in writing; and

(B) if deemed advisable by a majority of the Disinterested Directors, an opinion of a reputable investment banking or appraisal firm as to the fairness (or lack of fairness) of the terms of such Business Combination, from the point of view of holders of shares of Voting Stock who are not Interested Shareholders (such investment banking or appraisal firm to be selected by a majority of the Disinterested Directors, to be a firm which has not previously been associated with or rendered services to or acted as manager of an underwriting or as agent for an Interested Stockholder, to be furnished with all information it reasonably requests and to be paid a reasonable fee for its services upon receipt by the Corporation of such opinion).

(4) For purposes of this Article EIGHTH:

(a) A "person" shall mean any individual, firm, corporation, partnership, trust or other entity.

(b) "Interested Stockholder" shall mean any person (other than the Corporation or any Subsidiary; and other than any profit sharing, employee stock ownership, or any other employee benefit plan of the Corporation or any Subsidiary, or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or that:

(i) is the beneficial owner, directly or indirectly, of 10% or more of the combined voting power of the then outstanding Voting Stock; or

(ii) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was

the beneficial owner, directly or indirectly, of 10% or more of the combined voting power of the then outstanding Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to the beneficial ownership of any shares of Voting Stock that were at any time within the two-year period immediately prior to the date in question beneficially owned by an Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(c) A person shall be a "beneficial owner" of any Voting Stock:

(i) that such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(ii) that such person or any of its Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (B) the right to vote or to direct the vote pursuant to any agreement, arrangement or understanding; or

(iii) that is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purposes of acquiring, holding, voting or disposing of any shares of Voting Stock.

(d) For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph (b) of this clause (4), the number of shares of Voting Stock deemed to be outstanding shall include all shares deemed owned by such person through application of paragraph (c) of this clause (4) but shall not include any other shares of Voting Stock that may be issuable to other persons upon exercise of conversion rights, exchange rights, warrants or options, or otherwise.

(e) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the date hereof.

(f) "Subsidiary" shall mean any corporation a majority of whose outstanding stock having ordinary voting power in the election of directors is owned by the Corporation, by a Subsidiary or by the Corporation and one or more Subsidiaries; provided, however, that for the purposes of the definition of

Interested Stockholder set forth in paragraph (b) of this clause (4), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned by the Corporation, by a Subsidiary or by the Corporation and one or more Subsidiaries.

(g) "Disinterested Director" means any member of the Board of Directors of the Corporation who (1) is unaffiliated with, and not a nominee of, the Interested Stockholder proposing to engage in the Business Combination, and any successor of a Disinterested Director who is unaffiliated with, and not a nominee of, such Interested Stockholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors and (2) is not an employee of the Corporation.

(h) "Fair Market Value" means: (1) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the New York Stock Exchange Composite Tape, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States national securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing sale price or bid quotation with respect to a share of such stock during the 30-day period immediately preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or, if no such prices or quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Disinterested Directors in good faith; and (2) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Disinterested Directors in good faith.

(i) "Announcement Date" means the date of first public announcement of the proposal of the Business Combination.

(j) "Determination Date" means the date on which the Interested Stockholder became an Interested Stockholder.

(5) A majority of the Disinterested Directors of the Corporation shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article EIGHTH, including, without limitation, (a) whether a person is an Interested Stockholder, (b) the number of shares of Voting Stock beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another person, (d) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraphs (c)(ii) and (iii) of clause (4), (e) whether the assets subject to any Business Combination have an aggregate fair market value of $1,000,000 or more, and (f) whether the requirements of clause (3) of this Article EIGHTH have been met with respect to any Business Combination; and the good faith

determination of a majority of the Disinterested Directors on such matters shall be conclusive and binding for all purposes of this Article EIGHTH.

(6) Notwithstanding any other provision of this Restated Certificate of Incorporation or any other provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, this Restated Certificate of Incorporation or any designation of Preferred Stock, the affirmative vote of the holders of at least 66-2/3% of the combined voting power of the Corporation's outstanding voting securities, voting together as a single class, shall be required to alter, amend or repeal this Article EIGHTH.

NINTH. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of the State of Delaware hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitations on personal liability provided herein, shall be limited to the fullest extent permitted by the amended General Corporation Law of the State of Delaware. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

TENTH. The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

IN WITNESS WHEREOF, the undersigned has caused this Restated Certificate of Incorporation to be signed this 16th day of August, 2005.

CENTURY ALUMINUM COMPANY

By: /s/ Gerald J. Kitchen
Name: Gerald J. Kitchen
Title: Executive Vice President, General Counsel, Chief Administrative Officer and Secretary

Annex to Restated Certificate of Incorporation of Century Aluminum Company

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF 8% CUMULATIVE CONVERTIBLE PREFERRED STOCK OF CENTURY ALUMINUM COMPANY

SECTION 1. Designation, Amount and Par Value. The series of Preferred Stock shall be designated as the 8% Cumulative Convertible Preferred Stock (the "Preferred Stock"), and the number of shares so designated shall be 500,000. The par value of each share of Preferred Stock shall be $0.01. Each share of Preferred Stock shall have a stated value of $50.00 per share (the "Stated Value").

SECTION 2. Dividends.

(a) Holders of Preferred Stock shall be entitled to receive and the Company shall pay, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative cash dividends at the rate per share (as a percentage of the Stated Value per share) equal to 8% per annum, payable quarterly in arrears on each March 31, June 30, September 30 and December 31 (each, a "Dividend Payment Date") and on the Conversion Date (as hereinafter defined). Dividends on the Preferred Stock shall accrue daily commencing on the Original Issue Date (as defined in Section 7) and shall be deemed to accrue whether or not earned or declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends. The person that is shown on the Company's records as the holder of the Preferred Stock on an applicable record date (the "Holder") for any dividend payment will be entitled to receive such dividend payment and any other accrued and unpaid dividends which accrued prior to such Dividend Payment Date, without regard to any sale or disposition of such Preferred Stock subsequent to the applicable record date but prior to the applicable Dividend Payment Date. Except as otherwise provided herein, if at any time the Company pays less than the total amount of dividends then accrued on the Preferred Stock, such payment shall be distributed ratably among the Holders of the Preferred Stock based upon the number of shares held by each Holder.

(b) So long as any Preferred Stock shall remain outstanding, unless all accrued dividends payable on the Preferred Stock for all prior Dividend Payment Dates shall have been paid, neither the Company nor any subsidiary thereof shall redeem, purchase or otherwise acquire, directly or indirectly, any Common Stock (as defined in Section 5) or any shares of any other capital stock of the Company, ranking junior to the Preferred Stock in respect of dividends or liquidation preference, except the repurchase of shares of capital stock of the Company held by officers, directors or employees or former officers, directors or employees (or their estates or beneficiaries), upon death, disability, retirement, severance or termination of employment, or in order to satisfy tax withholding obligations of such persons upon the exercise of options or the vesting of performance shares or pursuant to any agreement under which such shares were issued, nor shall the Company directly or indirectly pay or declare any cash dividend or make any cash distribution (other than a dividend or distribution described in Section 5) upon, nor shall any cash distribution be made in respect of, any Common Stock or any other capital stock of the Company ranking junior to the Preferred Stock in respect of dividends or liquidation preference, nor shall any monies be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any Common Stock or any shares of any other capital stock of the Company, ranking junior to the Preferred Stock in respect of dividends or liquidation preference, except as described above.

SECTION 3. Voting Rights. Except as otherwise provided herein and as otherwise provided by law, the Preferred Stock shall have no voting rights. So long as any shares of Preferred Stock are outstanding, the Company shall not, without the affirmative vote of the Holders of a majority of the shares of Preferred Stock then outstanding, (i) alter or change adversely the powers, preferences or rights given to the Preferred Stock, through an amendment to the Company's Certificate of Incorporation or otherwise, (ii) authorize or create any class of stock ranking as to dividends or distribution of assets upon a Liquidation (as defined below) senior to, prior to or *pari passu* with the Preferred Stock, or (iii) reorganize or reclassify the capital stock of the Company or merge or consolidate with or into any other company or entity.

SECTION 4. Liquidation. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the Holders of shares of Preferred Stock shall be entitled to receive out of the assets of the Company, whether such assets are capital or surplus, for each share of Preferred Stock an amount equal to the Stated Value, plus an amount equal to the then accrued but unpaid dividends per share, whether declared or not, but without interest ("Liquidation Preference"), before any distribution or payment shall be made to the holders of Common Stock or any other capital stock of the Company junior in respect of distribution of assets, and if the assets of the Company shall be insufficient to pay in full such amounts, then the entire assets to be distributed shall be distributed among the Holders of Preferred Stock ratably in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. A sale, conveyance or disposition of all or substantially all of the assets of the Company, other than to a domestic subsidiary of the Company, shall be deemed a Liquidation; however, a consolidation or merger of the Company with or into any other company or companies shall not be treated as a Liquidation, but instead shall be subject to the provisions of Section 5. The Company shall mail written notice of any such Liquidation, not less than 30 days prior to the payment date stated therein, to each record Holder of Preferred Stock.

SECTION 5. Conversion.

(a) Right to Convert. Each Holder of the Preferred Stock shall have the right at any time and from time to time, at the option of such Holder, to convert any or all Preferred Stock held by such Holder, into such number of fully paid, validly issued and nonassessable shares of common stock, par value $0.01 per share, of the Company ("Common Stock"), free and clear of any liens, claims or encumbrances created by the Company, as is determined by dividing (i) the Liquidation Preference times the number of shares of Preferred Stock being converted ("Conversion Amount"), by (ii) the applicable Conversion Price (determined as hereinafter provided) in effect on the Conversion Date. immediately following such conversion, the rights of the Holders of converted Preferred Stock shall cease and the persons entitled to receive the Common Stock upon the conversion of Preferred Stock shall be treated for all purposes as then having become the owners of such Common Stock. The right to convert any shares of Preferred Stock called for redemption under Section 6 shall continue until and shall

expire at 4:30 New York time on the last business day prior to the redemption date. Any conversion of Preferred Stock by any Holder shall be of a minimum number of 1,000 shares of Preferred Stock, except in the event that any Holder holds less than 1,000 shares of Preferred Stock, in which case, all such shares held by such Holder may be converted.

(b) Mechanics of Conversion. To convert Preferred Stock into Common Stock, the Holder shall give written notice ("Conversion Notice") to the Company (which Conversion Notice may be given by facsimile transmission no later than the Conversion Date) stating that such Holder elects to convert the same and shall state therein the number of shares of Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for Common Stock to be issued (the conversion date specified in such Conversion Notice shall be referred to herein as the "Conversion Date"). As soon as possible after delivery of the Conversion Notice, such Holder shall surrender the certificate or certificates representing the Preferred Stock being converted, duly endorsed, at the office of the Company or, if identified in writing to all the Holders by the Company, at the offices of any transfer agent for the Preferred Stock. The Company shall, upon receipt of such Conversion Notice, issue and deliver to or upon the order of such Holder, against delivery of the certificates representing the Preferred Stock which have been converted, a certificate or certificates for the number of shares of Common Stock to which such Holder shall be entitled (with the number of and denomination of such certificates designated by such Holder), and the Company shall immediately issue and deliver to such Holder a certificate or certificates for the number of shares of Preferred Stock (including any fractional shares) which such Holder has not yet elected to convert hereunder but which are evidenced in part by the certificate(s) delivered to the Company in connection with such Conversion Notice. The Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless certificates evidencing such shares of the Preferred Stock being converted are either delivered to the Company or its transfer agent or the Holder notifies the Company or any such transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion of Preferred Stock, provided the Company's transfer agent is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer program, upon request of the Holder, the Company shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder, by crediting the account of the Holder's prime broker with DTC through its Deposit Withdrawal Agent Commission ("DWAC") system. The parties agree to coordinate with DTC to accomplish this objective. The conversion pursuant to this Section 5 shall be deemed to have been made immediately prior to the close of business on the Conversion Date. The person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock at the close of business on the Conversion Date. The Company's obligation to issue Common Stock upon conversion of Preferred Stock shall, except with respect to the Holder's compliance with the notice and delivery requirements set forth above in this Section 5(b), be absolute, is independent of any covenant of the Holder of Preferred Stock, and shall not be subject to: (i) any offset or defense, or (ii) any claims against the Holders of Preferred Stock whether pursuant to this Certificate of Designation, the Purchase Agreement (as defined in Section 7) or otherwise. In the event that the Company disputes the Holder's computation of the number of shares of Common Stock to be received, then the Company shall deliver to the Holder the number of shares of Common Stock not in dispute and shall seek to mutually agree with the Holder in good faith on the correct number of shares to be received.

(c) Determination of Conversion Price. The Conversion Price applicable with respect to the Preferred Stock (the "Conversion Price"), subject to the adjustments set forth below, shall be $17.92 per share.

(d) Stock Splits; Dividends; Adjustments.

(i) If the Company, at any time while the Preferred Stock is outstanding shall, (A) pay a stock dividend or otherwise make a distribution or distributions on any equity securities (including instruments or securities convertible into or exchangeable for such equity securities) in shares of Common Stock, (B) subdivide outstanding Common Stock into a larger number of shares, or (C) combine outstanding Common Stock into a smaller number of shares, then the Conversion Price shall be multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately before such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 5(d)(i) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

(ii) In the event that the Company issues or sells any Common Stock or securities which are convertible into or exchangeable for its Common Stock (other than the Preferred Stock), or any warrants or other rights to subscribe for or to purchase or any options for the purchase of its Common Stock ("Convertible Securities") (other than shares or options issued or which may be issued pursuant to (A) the Company's current or future employee or director stock incentive or option plans or shares issued upon exercise of options, warrants or rights or upon the vesting of performance shares outstanding on the date of the Purchase Agreement and listed in the Company's most recent periodic report filed under the Securities Exchange Act of 1934, as amended, (B) arrangements with the Holders of Preferred Stock, or (C) upon the conversion of the Preferred Stock) ("Exempted Issuances") at an effective purchase price per share which is less than the Per Share Market Value (as defined in Section 7) of the Common Stock on the Trading Day next preceding such issue or sale or, in the case of issuances to holders of its Common Stock, the record date fixed for the determination of stockholders entitled to receive Common Stock or Convertible Securities (the "Fair Market Price"), the Conversion Price in effect immediately prior to such issue or sale or record date, as applicable, shall be reduced effective concurrently with such issue or sale to an amount determined by multiplying the Conversion Price then in effect by a fraction, (1) the numerator of which shall be the sum of (x) the number of shares of Common Stock outstanding immediately prior to such issue or sale and (y) the number of shares of Common Stock which the aggregate consideration received by the Company for such additional shares would purchase at the Fair Market Price, and (2) the denominator of which shall be the number of shares of Common Stock and Convertible Securities of the Company outstanding immediately after such issue or sale. For the purposes of the

foregoing adjustment, shares of Common Stock owned by or held on account of the Company or any subsidiary shall not be deemed outstanding for the purpose of any such computation. In addition, for the purposes of the foregoing adjustment, in the case of the issuance of any Convertible Securities, the maximum number of shares of Common Stock issuable upon exercise, exchange or conversion of such Convertible Securities shall be deemed to be outstanding, and the aggregate consideration received by the Company for the issuance or sale of such Convertible Securities shall be deemed to include any consideration that would be received by the Company in connection with the exercise, exchange or conversion of such Convertible Securities, provided that no further adjustment shall be made upon the actual issuance of Common Stock upon exercise, exchange or conversion of such Convertible Securities. However, upon the expiration of any right or warrant to purchase Common Stock the issuance of which resulted in an adjustment in the Conversion Price designated in Section 5(c) pursuant to this Section 5(d)(ii), if any such right or warrant shall expire and shall not have been exercised, the Conversion Price designated in Section 5(c) shall immediately upon such expiration be recomputed and effective immediately upon such expiration be increased to the price which it would have been (but reflecting any other adjustments in the Conversion Price made pursuant to the provisions of this Section 5 after the issuance of such rights or warrants) had the adjustment of the Conversion Price made upon the issuance of such rights or warrants been made on the basis of offering for subscription or purchase only that number of shares of Common Stock actually purchased upon the exercise of such rights or warrants actually exercised.

(iii) If the Company, at any time while the Preferred Stock is outstanding, shall distribute to all holders of Common Stock evidence of its indebtedness or assets or cash (other than ordinary cash dividends) or rights or warrants to subscribe for or purchase any security of the Company or any of its subsidiaries (excluding those referred to in Sections 5(d)(i) or 5(d)(ii) above), then concurrently with such distributions to holders of Common Stock, the Company shall distribute to Holders of the Preferred Stock, the amount of such indebtedness, assets, cash or rights or warrants which the Holders of Preferred Stock would have received had they converted all their Preferred Stock into Common Stock immediately prior to the record date for such distribution.

(iv) All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be.

(v) Whenever the Conversion Price is adjusted pursuant to this Section 5(d), the Company shall promptly mail to each Holder of Preferred Stock a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(vi) No adjustment in the Conversion Price shall reduce the Conversion Price below the then par value of the Common Stock.

(vii) The Company from time to time may reduce the Conversion Price by any amount for any period of time if the period is at least 20 Trading Days and if the reduction is irrevocable during the period. Whenever the Conversion Price is reduced, the Company shall mail to the Holders of Preferred Stock a notice of the reduction. The Company shall mail, first class, postage prepaid, the notice at least 15 days before the date the reduced Conversion Price takes effect. The notice shall state the reduced Conversion Price and the period it will be in effect. A reduction of the Conversion Price does not change or adjust the Conversion Price otherwise in effect for purposes of Section 5(d)(i), (ii), or (iii).

(viii) If:

A. In the event of any taking by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, any security or right convertible into or entitling the holder thereof to receive additional shares of Common Stock, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right; or

B. The Company shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock; or

C. The approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company (other than a subdivision or combination of the outstanding shares of Common Stock), any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or

D. The Company shall authorize the voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Company;

then the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of Preferred Stock, and shall cause to be mailed to the Holders of Preferred Stock at their last addresses as they shall appear upon the stock books of the Company, at least 15 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up; provided, however, that the failure to mail such notice or any defect therein or in the mailing

thereof shall not affect the validity of the corporate action required to be specified in such notice.

(e) Reorganization, Merger or Going Private. In case of any reorganization or reclassification of the capital stock of the Company, any consolidation or merger of the Company with or into another person, any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property or a “going private” transaction under Rule 13e-3 promulgated pursuant to the Exchange Act, the Holders of the Preferred Stock then outstanding shall be deemed to have converted their Preferred Stock into Common Stock immediately prior to such reorganization, reclassification, consolidation, merger, or share exchange and shall have the right thereafter to convert such shares only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such reorganization, reclassification, consolidation, merger or share exchange, and the Holders of the Preferred Stock shall be entitled upon such event to receive such amount of securities or property as the shares of the Common Stock of the Company into which such shares of Preferred Stock could have been converted immediately prior to such reorganization, reclassification, consolidation, merger or share exchange would have been entitled. The terms of any such reorganization, reclassification, consolidation, merger or share exchange shall include such terms so as to continue to give to the Holder of Preferred Stock the right to receive the securities or property set forth in this Section 5(e) upon any conversion following such reorganization, reclassification, consolidation, merger or share exchange. This provision shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, or share exchanges.

(f) Other Actions. The Company will not avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company and will at all times in good faith assist in the carrying out of all of the provisions of this Section 5 and in the taking of all action as may be necessary or appropriate in order to protect the conversion rights of the Holders of the Preferred Stock against impairment.

(g) Reservation of Shares. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued Common Stock solely for the purpose of issuance upon conversion of Preferred Stock as herein provided, free from preemptive rights or any other contingent purchase rights of persons other than the Holders of Preferred Stock, such number of shares of Common Stock as shall be issuable (taking into account the adjustments of Section 5(d) hereof) upon the conversion of all outstanding shares of Preferred Stock. The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid and nonassessable. The Company promptly will take such corporate action as may, in the opinion of its counsel, which may be an employee of the Company, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including without limitation engaging in best efforts to obtain the requisite stockholder approval.

(h) Fractional Shares. Upon a conversion hereunder the Company shall not be required to issue stock certificates representing fractions of shares of Common Stock, but may if otherwise permitted by applicable law make a cash payment in respect of any final fraction of a share based on the Per Share Market Value at such time. If the Company elects not, or is unable, to make such a cash payment, the Holder of a share of Preferred Stock shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

(i) Taxes. The issuance of certificates for shares of Common Stock on conversion of Preferred Stock shall be made without charge to the Holders thereof for any documentary, stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of such shares of Preferred Stock so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(j) Status of Converted or Redeemed Shares. Shares of Preferred Stock converted into Common Stock or redeemed shall be canceled and shall have the status of authorized but unissued shares of Preferred Stock.

(k) Giving of Notice. Each Conversion Notice shall be given (i) by facsimile and by mail, postage prepaid, addressed to the attention of the Chief Financial Officer of the Company at the facsimile telephone number and address of the principal place of business of the Company, (ii) by overnight courier or (iii) by hand. Any such notice shall be deemed given and effective upon the earliest to occur of (1)(a) if such Conversion Notice is delivered via facsimile prior to 4:30 p.m. (local time in New York, NY) on any date, such date or such later date as is specified in the Conversion Notice, and (b) if such Conversion Notice is delivered via facsimile after 4:30 p.m. (local time in New York, NY) on any date, the next date or such later date as is specified in the Conversion Notice, (2) if such Conversion Notice is delivered by overnight courier, two business days after delivery to a nationally recognized overnight courier service or (3) if such Conversion Notice is delivered by hand, upon actual receipt.

SECTION 6. Redemption. The Company may, at the option of the Board of Directors, redeem all or any part of the outstanding Preferred Stock at any time after the third anniversary of the Original Issue Date, by paying for each share so redeemed the redemption prices listed below, together with an amount equal to all cumulative dividends accrued and unpaid thereon to the date fixed for redemption, provided that notice of redemption is sent by certified mail to the Holders of the Preferred Stock to be redeemed at least 40 but not more than 60 days prior to the date of redemption specified in such notice, addressed to each such Holder at his/her address as it appears in the records of the Company. On or after the redemption date, each Holder of shares of Preferred Stock to be redeemed shall present and surrender his/her certificate or certificates for such shares to the Company at the place designated in such notice and thereupon the redemption price of such shares shall be paid to or to the order of the person whose name appears on such certificate or certificates as the owner thereon and each surrendered certificate shall be cancelled. In case less than all the shares represented by any such certificates are redeemed, a certificate shall be issued representing the unredeemed shares. From and after the redemption date (unless default shall be made by the Company in payment of the redemption price) all dividends on the shares of Preferred Stock designated for redemption in such notice shall cease to accrue, and all rights of the Holders thereof as stockholders of the Company, except the right

to receive the redemption price thereof upon the surrender of certificates representing the same, without interest, shall cease and terminate and such shares shall not thereafter be transferred (except with the consent of the Company) on the books of the Company, and such shares shall not be deemed to be outstanding for any purpose whatsoever. At its election, the Company prior to the redemption date may deposit the redemption price of the shares of Preferred Stock so called for redemption in trust for the Holders thereof with a bank or trust company (having a capital and surplus of not less than $500,000,000) in which case such notice to Holders of the Preferred Stock to be redeemed shall state the date of such deposit, shall specify the office of such bank or trust company as the place of payment of the redemption price, and shall call upon such Holders to surrender the certificates representing such shares at such price on or after the date fixed in such redemption notice (which shall not be later than the redemption date) against payment of the redemption price. From and after the making of such deposit, the shares of Preferred Stock so designated for redemption shall not be deemed to be outstanding for any purpose whatsoever, and the rights of the Holders of such shares shall be limited to the right to receive the redemption price of such shares, without interest, upon surrender of the certificates representing the same to the Company at said office of such bank and trust company, and the right of conversion (on or before the close of business on the last business day prior to the date fixed for redemption) herein provided. Any funds so deposited which shall not be required for such redemption because of the exercise of such right of conversion after the date of such deposit shall be returned to the Company. Any interest accrued on such funds shall be paid to the Company from time to time. Any moneys so deposited which shall remain unclaimed by the Holders of such Preferred Stock at the end of three years after the redemption date shall be returned by such bank or trust company to the Company after which the Holders of the Preferred Stock shall look only to the Company for payment of the redemption price. In the event that less than all the outstanding shares of Preferred Stock are to be redeemed at one time, the shares so to be redeemed shall be redeemed *pro rata*. The prices at which each share of Preferred Stock may be redeemed during the periods set forth below are as follows:

Prior to the third anniversary of the Original Issue Date: No right to redeem.

After the third anniversary of the Original Issue Date but before the fourth anniversary of the Original Issue Date: $52.00 together with an amount equal to all cumulative dividends accrued and unpaid thereon to the date of redemption.

After the fourth anniversary of the Original Issue Date but before the fifth anniversary of the Original Issue Date: $51.60 together with an amount equal to all cumulative dividends accrued and unpaid thereon to the date of redemption.

After the fifth anniversary of the Original Issue Date but before the sixth anniversary of the Original Issue Date: $51.20 together with an amount equal to all cumulative dividends accrued and unpaid thereon to the date of redemption.

After the sixth anniversary of the Original Issue Date but before the seventh anniversary of the Original Issue Date: $50.80 together with an amount equal to all cumulative dividends accrued and unpaid thereon to the date of redemption.

After the seventh anniversary of the Original Issue Date but before the eighth anniversary of the Original Issue Date: $50.40 together with an amount equal to all cumulative dividends accrued and unpaid thereon to the date of redemption.

After the eighth anniversary of the Original Issue Date: $50.00 together with an amount equal to all cumulative dividends accrued and unpaid thereon to the date of redemption.

SECTION 7. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Original Issue Date" shall mean the date of the first issuance of any shares of Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

"Per Share Market Value" means on any particular date (a) the closing sales price per share of the Common Stock on such date on The Nasdaq Stock Market or if the Common Stock is not listed on The Nasdaq Stock Market, on such other stock exchange on which the Common Stock has been listed or if there is no such price on such date, then the closing sales price on such exchange on the date nearest preceding such date, or (b) if the Common Stock is not listed on The Nasdaq Stock Market or any stock exchange, the closing sales price for a share of Common Stock in the over-the-counter market, as reported by the NASD at the close of business on such date, or (c) if the Common Stock is not quoted on the NASD, the closing sales price for a share of Common Stock in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices), or (d) if the Common Stock is no longer publicly traded the fair market value of a share of Common Stock as determined by a nationally recognized or major regional investment banking firm or firm of independent certified public accountants of recognized standing (which may be the firm that regularly examines the financial statements of the Company)(an "Appraiser") selected in good faith by the Holders of a majority of the shares of the Preferred Stock; provided, however, that the Company, after receipt of the determination by such Appraiser, shall have the right to select an additional Appraiser, in which case the fair market value shall be equal to the average of the determinations by each such Appraiser.

"Purchase Agreement" means the Cumulative Convertible Preferred Stock Purchase Agreement, dated as of the Original Issue Date, between the Company and the original Holder of the Preferred Stock.

"Trading Day" means (a) a day on which the Common Stock is traded on The Nasdaq Stock Market or principal stock exchange on which the Common Stock is then listed. or (b) if the Common Stock is not listed on The Nasdaq Stock Market or any stock exchange, a day on which the Common Stock is traded in the over-the-counter market, as reported by the NASD, or (c) if the Common Stock is not quoted on The Nasdaq Stock Market, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation

Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices).

APPENDIX VII

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AMENDED AND RESTATED
BYLAWS

of

CENTURY ALUMINUM COMPANY
(As Amended through August 10, 2005)

ARTICLE I

Offices

1. The corporation may have offices at such places within or without the State of Delaware as the board of directors may from time to time determine or as the business of the corporation may require.

ARTICLE II

Stockholders' Meetings

1. Place of all meetings. All meetings of stockholders shall be held at such place or places in or outside the State of Delaware as the board of directors may from time to time determine or as may be designated in the notice of meeting or waiver of notice thereof, subject to any provisions of the laws of Delaware.

2. Annual meeting of stockholders. The annual meeting of stockholders shall be held each year on such date, and at such time as shall be fixed by the board of directors. Written notice of the time and place of the annual meeting shall be given by mail to each stockholder entitled to vote at least 10 days prior to the date thereof, unless waived as provided by Article IX of these Bylaws (as amended, restated, or modified from time to time and then in effect, these "Bylaws").

3. Notice of Stockholder Proposals. (a) At an annual meeting of stockholders, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been brought before the annual meeting (i) by, or at the direction of, the board of directors or (ii) by any stockholder who complies with the notice procedures set forth in this Section of the Bylaws. For a proposal to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary, and such proposal must be a proper matter for stockholder action under the General Corporation Law of the State of Delaware and a proper matter for consideration at such meeting under the Certificate of Incorporation of the Corporation (as amended, restated, or modified from time to time and then in effect, the "Certificate of Incorporation") and these Bylaws. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the corporation not less than 45 days prior to the date on which the corporation first mailed its proxy materials for the prior year's annual meeting of stockholders. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before

the annual meeting (i) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (iii) the class and number of shares which are beneficially owned by the stockholder on the date of such stockholder notice and (iv) any material interest of the stockholder in such proposal.

(b) If the presiding officer of the annual meeting determines that a stockholder proposal was not made in accordance with the terms of this Section, he shall so declare at the annual meeting and any such proposal shall not be acted upon at the annual meeting.

(c) This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors and committees of the board of directors, but, in connection with such reports, no business shall be acted upon at such annual meeting unless stated, filed and received as herein provided.

4. Special meetings of stockholders. Special meetings of stockholders may be called at any time by order of the board of directors or the executive committee only. Notice of all such meetings of the stockholders, stating the time, place, and the purposes thereof shall be given by mail as soon as possible to each stockholder entitled to vote thereat at his address as it appears on the records of the corporation not less than the minimum nor more than the maximum number of days prior to the scheduled date thereof permitted under the laws of Delaware, unless such notice is waived as provided in Article IX of these Bylaws. Stockholders are not permitted to submit additional matters or proposals for consideration at any special meeting.

5. Voting at stockholders' meetings. Except as otherwise provided by the laws of the State of Delaware or the Certificate of Incorporation or any amendment thereto, at all meetings of the stockholders, each stockholder shall be entitled to one vote for each share of Stock registered in his or her name on the books of the corporation on the record date fixed for the determination of stockholders entitled to vote at the meeting pursuant to Article VI or, if not so determined, as prescribed under the laws of Delaware.

6. Quorum at stockholders' meetings. At any stockholders' meeting, a majority of the combined voting power of the issued and outstanding shares of Stock entitled to vote thereat represented in person or by proxy shall constitute a quorum, except as otherwise provided by the laws of the State of Delaware or by the Certificate of Incorporation. In the absence of a quorum at any meeting, or any adjourned session thereof, the stockholders of the corporation represented in person or by proxy and entitled to vote, by a majority vote, or, if no stockholders are present, any officer entitled to preside or act at the meeting, may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, a majority in interest of the combined voting power of the issued and outstanding shares of Stock entitled to vote represented thereat shall decide any question brought before such meeting unless the question is one upon which, by express provision of law or of the Certificate of Incorporation or of these Bylaws, a different vote is required, in which case such express provision shall govern.

7. List of stockholders to be filed, etc. At least 10 days before every election of directors, a complete list of the stockholders entitled to vote at the election, arranged in

alphabetical order, shall be prepared by the secretary. Such list shall be open at the place where such election is to be held for 10 days, subject to examination by any stockholder, and shall be produced and kept at the time and place of election during the whole time thereof and subject to the inspection of any stockholder who may be present. Upon the willful neglect or refusal of the directors to produce such a list at any election, they shall be ineligible to any office at such election. The original or duplicate stock ledger shall be the only evidence as to who are the stockholders entitled to examine such list or the books of this corporation or to vote in person or by proxy at such election.

ARTICLE III

Board of Directors

1. Number and qualification. Directors shall be elected at annual meetings of stockholders, or at special meetings held in lieu thereof in accordance with the Certificate of Incorporation and these Bylaws.

2. Powers of directors. The business and affairs of the corporation shall be carried on by or under the direction of the board of directors, which shall have all the powers authorized by the laws of Delaware, subject to such limitations as may be provided by the Certificate of Incorporation or these Bylaws.

3. Compensation of directors. The board of directors may from time to time by resolution authorize the payment of fees or compensation to the directors for services as such to the corporation, including, but not limited to, fees and traveling expenses for attendance at all meetings of the board or of the executive or other committees, and determine the amount of such fees and compensation. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

4. Directors' meetings. Meetings of the board of directors may be held either within or outside the State of Delaware. A quorum shall be at least one-half of the number of directors, but not less than two directors. Except as otherwise provided in the laws of the State of Delaware, the Certificate of Incorporation or these Bylaws, the affirmative vote of a majority of the directors present at any meeting in which a quorum is present shall be required for the taking of any action by the board of directors.

The board of directors elected at any stockholders' meeting shall at the close of that meeting, without further notice if a quorum of directors be then present, or as soon thereafter as may be convenient, hold a meeting for the election of officers and the transaction of any other business. At such meeting they shall elect a president, one or more vice presidents, a secretary and a treasurer, and such other officers as they may deem proper, none of whom need be members of the board of directors.

The board of directors may from time to time provide for the holding of regular meetings with or without notice and may fix the times and places at which such meetings are to be held. Meetings other than regular meetings may be called at any time by the president and

must be called by the president or by the secretary or an assistant secretary upon the written request of any director.

Notice of each meeting, other than a regular meeting (unless required by the board of directors), shall be given to each director by mailing the same to each director at his residence or business address at least two days before the meeting or by delivering the same to him personally or by telephone or telegraph to him at least one day before the meeting unless, in case of exigency, the president or secretary shall prescribe a shorter notice to be given personally or by telephone, telegraph, telefax, cable or wireless to all or any one or more of the directors at their respective residences or places of business.

Notice of all meetings shall state the time and place of such meeting, but need not state the purposes thereof unless otherwise required by statute, the Certificate of Incorporation, the Bylaws, or the board of directors.

5. Executive committee. The board of directors may by resolution passed by a majority of the whole board provide for an executive committee of two or more directors and shall elect the members thereof to serve during the pleasure of the board and may designate one of such members to act as chairman. The board may at any time change the membership of the committee, fill vacancies in it, designate alternate members to replace any absent or disqualified members at any meeting of the committee, or dissolve it.

During the intervals between the meetings of the board of directors, the executive committee shall possess and may exercise any or all of the powers of the board of directors in the management of the business and affairs of the corporation to the extent authorized by resolution adopted by a majority of the entire board of directors, subject to such limitations as may be imposed by the laws of Delaware.

The executive committee may determine its rules of procedure and the notice to be given of its meetings, and it may appoint such committees and assistants as it shall from time to time deem necessary. A majority of the members of the committee shall constitute a quorum.

6. Other committees. The board of directors by resolution may provide for such other standing or special committees as it deems desirable and may discontinue the same at its pleasure. Each such committee shall have the powers and perform such duties, not inconsistent with law, as may be assigned to it by the board of directors.

7. Notice of Nominations. At any annual meeting of stockholders, only persons who are nominated in accordance with the procedures set forth in the Bylaws shall be eligible to be elected at such meeting as directors. Nominations of persons for election to the board of directors may be made at a meeting of stockholders (a) by or at the direction of the board of directors or (b) by any stockholder who is a stockholder of record at the time of giving of notice provided for in this Section, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section. Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the Secretary. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not

less than 45 days prior to the date on which the corporation first mailed its proxy materials for the prior year's annual meeting of stockholders. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the corporation's books, of such stockholder supporting such nomination and (ii) the class and number of shares which are beneficially owned by such stockholder. At the request of the board of directors, any person nominated to the board of directors for election as a director shall furnish to the Secretary that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. Except as otherwise provided in the Certificate of Incorporation or these Bylaws, no person shall be eligible to serve as a director unless nominated in accordance with the procedures set forth in this Bylaw. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed in the Bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section.

8. Chairman of the Board. The Chairman of the Board (hereinafter sometimes called the "Chairman") if appointed by the board of directors, when present shall preside at all meetings of the stockholders, the board of directors and the Executive Committee. The Chairman shall perform such other duties as the board of directors or Executive Committee may prescribe from time to time.

9. Action without meetings. Any action required or permitted to be taken at any meeting of the board of directors or any committee thereof may be taken without a meeting if all members of the board of directors or committee, as the case may be, consent thereto in writing and the writing is filed with the minutes of the proceedings of the board of directors or such committee.

ARTICLE IV

Officers

1. Titles and election. The officers of this corporation shall be a president, one or more vice presidents, a secretary and a treasurer who shall be elected at the annual meeting of the board of directors and who shall hold office at the pleasure of the board, except as may otherwise be approved by the board or executive committee, or until his earlier resignation, removal or other termination of employment. Any person may hold more than one office if the duties thereof can be consistently performed by the same person, and to the extent permitted by law.

The board of directors, in its discretion, may at any time elect or appoint a chairman of the board of directors, who shall be a director, a president and one or more vice presidents, assistant secretaries and assistant treasurers and such other officers or agents as it may deem advisable, all of whom shall hold office at the pleasure of the board, except as may otherwise be approved by the board or executive committee, or until his earlier resignation, removal or other termination of employment, and shall have such authority and shall perform such duties as may be prescribed or determined from time to time by the board.

The board of directors may require any officer, agent or employee to give bond for the faithful performance of his duties in such form and with such sureties as the board may require.

2. Duties. Subject to such extension, limitations, and other provisions as the board of directors or the Bylaws may from time to time prescribe, the following officers shall have the following powers and duties:

(a) President. Unless otherwise determined by the board of directors, the president shall be the chief executive officer of the corporation. The president shall exercise the powers and authority and perform all of the duties commonly incident to his office, shall in the absence of the Chairman preside at all meetings of the stockholders and of the board of directors if he is a director, and shall perform such other duties as the board of directors or executive committee shall specify from time to time. The president or a vice president, unless some other person is thereunto specifically authorized by the board of directors or executive committee, shall sign all bonds, debentures, promissory notes, deeds and contracts of the corporation. The same individual may be elected or appointed Chairman of the Board and president.

(b) Vice President. The vice president or vice presidents shall perform such duties as may be assigned to them by the board of directors and, in the absence or disability of the president, unless otherwise determined by the board, the vice presidents in order of seniority shall exercise all powers and duties pertaining to the office of president.

(c) Secretary. The secretary shall keep the minutes of all meetings of stockholders and of the board of directors, give and serve all notices, attend to such correspondence as may be assigned to him, keep in safe custody the seal of the corporation, and affix such seal to all such instruments properly executed as may require it, and shall have such other duties and powers as the board of directors shall prescribe from time to time.

(d) Treasurer. The treasurer, subject to the order of the board of directors, shall have the care and custody of the moneys, funds, valuable papers and documents of the corporation (other than his own bond, if any, which shall be in the custody of the president), and shall have and exercise, under the supervision of the board of directors, all the powers and duties commonly incident to his office. He shall deposit all funds of the corporation in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the board of directors shall designate. He may endorse for deposit or collection all checks, notes, etc. payable to the corporation or to its order. He shall keep accurate books of account of the corporation's transactions, which shall be the property of the corporation, and, together with all its property in his possession, shall be subject at all times to the inspection and control of the board of directors. The treasurer shall be subject in every way to the order of the board of directors, and shall render to the board of directors and/or the president of the corporation, whenever they may require it, an account of all his transactions and of the financial condition of the corporation.

3. <u>Delegation of authority</u>. The board of directors or the Executive Committee may at any time delegate the powers and duties of any officer for the time being to any other officer, director or employee.

4. <u>Salaries</u>. The compensation of the Chairman of the Board, the president, all vice presidents, the secretary and the treasurer shall be fixed by the board of directors or the executive committee, and the fact that any officer is a director shall not preclude him from receiving compensation or from voting upon the resolution providing the same.

ARTICLE V

Resignations, Removals and Vacancies

1. <u>Resignations</u>. Any director, officer, or agent may resign at any time by giving written notice thereof to the board of directors, the president, or the secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

2. <u>Removals</u>. (a) <u>Directors</u>. Directors may be removed from office only as provided for in the Certificate of Incorporation.

(b) <u>Officers</u>. Subject to the provisions of any validly existing agreement, the board of directors may at any meeting remove from office any officer, with or without cause, and may elect or appoint a successor; provided that if action is to be taken to remove the president, the notice of meeting or waiver of notice thereof shall state that one of the purposes thereof is to consider and take action on his removal.

3. <u>Vacancies</u>. (a) <u>Directors</u>. Vacancies on the board shall be handled in the manner provided for in the Certificate of Incorporation. The directors may reduce their authorized number by the number of vacancies in the board, provided such reduction does not reduce the board to less than the minimum authorized by the Certificate of Incorporation, these Bylaws or the laws of the State of Delaware.

(b) <u>Officers</u>. The board of directors may at any time or from time to time fill any vacancy among the officers of the corporation.

ARTICLE VI

Capita1 Stock

1. <u>Certificates of stock</u>. Every stockholder shall be entitled to a certificate or certificates for shares of the capital stock of the corporation in such form as may be prescribed by the board of directors, duly numbered and setting forth the number and kind of shares represented thereby. Such certificates shall be signed by the Chairman, the president or a vice president and by the treasurer or an assistant treasurer or by the secretary or an assistant secretary. Any of such signatures and the corporate seal affixed to any stock certificate may be in facsimile.

In case any officer who has signed, or whose facsimile signature has been used on a certificate, has ceased to be an officer before the certificate has been delivered, such certificate may nevertheless be adopted and issued and delivered by the corporation, or its transfer agent, as though the officer who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be such officer of the corporation.

2. <u>Transfer of stock</u>. Shares of the capital stock of the corporation shall be transferable only upon the books of the corporation by the holder in person or by an attorney duly authorized and upon the surrender of the certificate or certificates properly assigned and endorsed. If the corporation has a transfer agent or agents or a transfer clerk and a registrar of transfers acting on its behalf, the signature of any officer or representative thereof may be in facsimile.

The board of directors may appoint a transfer agent and one or more co-transfer agents and a registrar of transfer and may make all such rules and regulations as it deems expedient concerning the issue, transfer and registration of shares of stock. The transfer books shall be closed for such a period as the board shall direct previous to and on the day of the annual or any special meeting of the stockholders and may also be closed by the board for such period as may be advisable for dividend purposes, and during such time no stock shall be transferable.

3. <u>Record dates</u>. (a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix in advance a record date which, in the case of a meeting, shall be not less than the minimum nor more than the maximum number of days prior to the scheduled date of such meeting permitted under the laws of Delaware and which, in the case of any other action, shall be not more than the maximum number of days prior to any such action permitted by the laws of Delaware.

(b) If no such record date is fixed by the board, the record date shall be that prescribed by the laws of Delaware.

(c) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

4. Lost certificates. In case of loss or mutilation or destruction of a certificate of stock of this corporation, a duplicate certificate may be issued upon such terms as may be determined or authorized by the board of directors or executive committee or by the president if the board or the executive committee does not do so.

ARTICLE VII

Fiscal Year, Bank Deposits, Checks, etc.

1. Fiscal Year. The fiscal year of the corporation shall commence or end at such time as the board of directors may designate.

2. Bank deposits, checks, etc. The funds of the corporation shall be deposited in the name of the corporation or of any division thereof in such banks or trust companies in the United States or elsewhere as may be designated from time to time by the board of directors or executive committee, or by such officer or officers as the board or executive committee may authorize to make such designations.

All checks, drafts or other orders for the withdrawal of funds from any bank account shall be signed by such person or persons as may be designated from time to time by the board of directors or executive committee or as may be designated by an officer or officers authorized by the board of directors or executive committee to make such designations. The signatures on checks, drafts or other orders for the withdrawal of funds may be in facsimile if authorized in the designation.

ARTICLE VIII

Books and Records

1. Place of keeping books. Unless otherwise expressly required by the laws of Delaware, the books and records of this corporation may be kept outside of the State of Delaware at such place or places as may be designated from time to time by the board of directors.

2. Examination of books. Except as otherwise provided in the Certificate of Incorporation or in these Bylaws, the board of directors shall have power to determine from time to time whether and to what extent and at what times and places and under what conditions and regulations the accounts, records and books of this corporation, or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of this corporation except as prescribed by statute or authorized by express resolution of the stockholders or of the board of directors.

ARTICLE IX

Notices

1. Requirements of notice. Whenever notice is required to be given by statute or by these Bylaws, it shall not mean personal notice unless so specified, but such notice may be given in writing by depositing the same in a post office or letter box, postpaid and addressed to the person to whom such notice is directed at the address of such person on the records of the corporation, and such notice shall be deemed given at the time when the same shall be thus mailed.

2. Waivers. Any stockholder, director or officer may, in writing or by telegram or cable, at any time waive any notice or other formality required by statute or these Bylaws. Such waiver of notice, whether given before or after any meeting, shall be deemed equivalent to notice. Presence of a stockholder either in person or by proxy at any stockholders' meeting and presence of any director at any meeting of the board of directors shall constitute a waiver of such notice as may be required by any statute or these Bylaws.

ARTICLE X

Seal

The corporate seal of the corporation shall consist of two concentric circles between which shall be the name of the corporation and in the center of which shall be inscribed "Corporate Seal, Delaware."

ARTICLE XI

Powers of Attorney

The board of directors may authorize one or more of the officers of the corporation to execute powers of attorney delegating to named representatives or agents power to represent or act on behalf of the corporation, with or without power of substitution.

In the absence of any action by the board or the executive committee, the president, any vice president, the secretary or the treasurer of the corporation may execute for and on behalf of the corporation waivers of notice of stockholders' meetings and proxies for such meetings in any company in which the corporation may hold voting securities.

ARTICLE XII

Indemnification of Directors and Officers

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment) against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph (b) hereof with respect to proceedings seeking to enforce rights to indemnification, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise.

(b) Right of Claimant to Bring Suit. If a claim under paragraph (a) of this Section is not paid in full by the corporation within 60 days after a written claim has been received by the corporation, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation.

(c) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter

acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(d) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation, or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(e) Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article XII shall not adversely affect any right of a director, officer, employee or agent of the corporation in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XIII

Amendments

Subject to the provisions of the Certificate of Incorporation, the Bylaws may be altered, amended or repealed either by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board of directors, or by the affirmative vote of the holders of record of at least 66-2/3% of the voting power of the outstanding shares of capital stock of the corporation entitled to vote at an annual meeting or at any special meeting at which a quorum shall be present, provided that in each case notice of the proposed change was given in the notice of the meeting of the board or the stockholders, or the form of consent thereof, as the case may be.

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Century ALUMINUM